

Can the City learn
to love Labour?

Or will six decades of prejudice and mistrust wreck the chance of a rapprochement? David Kynaston examines the record. Page I



Dying to see Naples

The market (left) is beautiful, but hang on to your wallet, advises Nigel Spivey. Part of an eight-page travel special. Section III

Picking a portfolio

How investors can profit from company directors' special knowledge. page III

EUROPE'S BUSINESS NEWSPAPER

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Weekend October 19/October 20 1991

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World News

Business Summary

Eight Soviet republics sign economic union treaty

Leaders of eight of the 12 Soviet republics yesterday signed a treaty for economic union which sets fragile foundations for a common market and co-ordinated financial stabilisation measures. The agreement was signed by the Ukraine, the second richest republic. Page 2; Peace jigsaw, Page 2

SA aid mission

Commonwealth leaders are expected to send a fact-finding mission to South Africa to assess ways in which the organisation can assist the development of a post-apartheid society. Page 3

Haughey saved

The Irish government narrowly avoided being toppled after the two coalition partners, the Progressive Democrats and prime minister Charles Haughey's Fianna Fail party, reached an eleventh-hour agreement on tax reform and then voted together in a crucial vote in parliament. Page 2

Rebels kill three

Rebel Afghan guerrillas killed three civilians and wounded seven in a rocket attack on the eastern town of Mazar-i-Sharif, capital of Laghman province, yesterday. Kabul Radio said. Government forces killed 15 rebels and wounded 22 in a counter-attack, the radio added.

Oil worker dies

One oil worker died and nearly 200 others were afflicted to safety during fierce storms in the North Sea. Activity was halted on drilling rigs after high winds caused one floating rig to break anchor. Tankers were unable to load in the storms, but oil output from the North Sea's main fixed platforms was unaffected.

Embargo to be lifted

The US plans to lift its 16-year embargo on trade with Cambodia as soon as the UN-sponsored plan to bring peace to the war-torn country is signed in Paris next week. Page 2

Key support for Gates

Robert Gates, President George Bush's nominee to head the Central Intelligence Agency, won strong endorsement from a key Senate committee. The select committee on intelligence voted 11 to 4 in favour of the appointment, with four Democrats joining the Republican minority on Mr Gates's side. Page 2

Neutrality may end

Sweden's defence minister, Anders Björck, said the government intends to relax neutrality. The Scandinavian state last went to war in the early 19th century.

Poles back treaty

The Polish parliament voted overwhelmingly to ratify two treaties with Germany in a step towards full reconciliation between the two countries after decades of distrust.

Third suicide

A senior Communist party official has committed suicide - the third to do so since the failed August coup against President Mikhail Gorbachev. Dmitry Lisovskiy, 54, a former official of the international department of the party's Central Committee, jumped from the balcony of his 12th-floor apartment. Tass news agency said.

Demands in Japan for discount rate reduction

Demands for a cut in Japan's official discount rate grew yesterday as Kiichi Miyazawa, who is expected to become prime minister next month, called on the Bank of Japan to make a "prompt" decision in order to revive a flagging economy.

Japanese stock and bond prices rose sharply in expectation of an interest rate cut, as rumours swept the trading floor that the central bank could make an announcement today or next week. Page 3

UK economy: Doubts about the pace at which the British economy is likely to recover from the recession were reinforced by figures showing weak growth in the amount of money in the economy. Page 22; Signs of upturn, Page 4

REWELETT-PACKARD, US computer manufacturer, will take a charge of 40 cents a share in the current quarter to cover costs of a voluntary severance programme under which nearly 3,000 people have left the company. Page 10

JAPAN'S Fair Trade Commission launched an investigation into alleged breaches of antitrust laws by the country's largest broking houses - Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi Securities - in their compensation of favoured clients for investment losses. Page 3

GENERAL Dynamics, second largest US defence group, reported third quarter earnings of \$64m from continuing operations, up \$4m from the same period of 1990. Page 10

CABLE AND WIRELESS, UK-based international telecommunications group, is holding talks about acquiring a 19.5 per cent stake in US Sprint, the country's third largest long distance telecommunications company. The stake is expected to be sold for over \$500m. Page 8

CHRISTIANIA Bank, Norway's second biggest bank, warned that it needs between Nkr5bn and Nkr8bn (\$900m) in new core capital to meet the 8 per cent capital adequacy required by Norwegian law in 1992. Page 10

HILLSDOWN Holdings: The UK food group's £280m (\$422m) rights offering received a thumbs down from investors, with fewer than half exercising their rights to buy shares. Page 22; Lex, Page 22

APPLE Computer, US personal computer manufacturer, saw sales pick up strongly in the fourth quarter, just ended, but profits lagged as it pursued its strategy of winning market share by lowering prices. Page 10

ALCAN of Canada threw a lifeline to beleaguered aluminium producers when it announced a cut in its annual production by 143,500 tonnes from next month. Commodities, Page 13

NOBEL Industries, Swedish chemicals and defence group, reported a SKr1.5bn (\$242m) loss in earnings after extraordinary items for the first eight months of 1991, following the crash of its finance subsidiary Gamblestad. Page 10

PROCTER & Gamble, US partner in a nappies joint venture with Italian group Finat, has been asked to change the agreement it signed more than a year ago. The European Commission has found it would restrict competition. Page 10

Bush and Gorbachev to host Madrid conference on October 30

Mid-East peace talks set

By Hugh Carnegie in Jerusalem

THE US and the Soviet Union yesterday invited Israel, its Arab neighbours and the Palestinians to a peace conference in Madrid on October 30 hosted by presidents George Bush and Mikhail Gorbachev.

Mr James Baker, the US secretary of state, said it offered the hope of a new era of co-operation in the Middle East. Mr Baker, ending a dramatic day of diplomacy in Jerusalem by addressing a press conference with Mr Boris Pankin, his Soviet counterpart, said no replies had been received. But it was clear he was confident his eight-month quest to achieve an historic breakthrough in the Arab-Israeli dispute was about to bear fruit.

The announcement by the two men followed separate talks with both Israeli and Palestinian leaders. Mr Yitzhak Shamir, the Israeli prime minister, was clearly still unhappy about some of the US positions, notably the refusal of Mr Baker to give him a list of Palestinian delegates for prior Israeli veto. But Mr Shamir said he would nevertheless recommend to his right-wing coalition government that it accept the invitation because, he said, "I can see no better alternative." His recommendation should ensure coalition agreement, possibly at its weekly meeting tomorrow.

Mr Shamir's assent followed an acceptance early yesterday by the Palestine Liberation Organisation central council meeting in Tunis that a Palestinian delegation from the occupied West Bank and Gaza Strip should participate in a joint Jordanian-Palestinian delegation to the conference.

Syria, Jordan, Lebanon and Egypt had already agreed to attend. The Gulf and Maghreb states have also agreed to send joint representatives. Mr Baker said the ceremonial opening conference would be followed four days later by the start of substantive bilateral negotiations "designed to achieve real peace". Multilateral talks on regional issues such as water resources, the environment and arms control would start in mid-November. Mr Baker is due to visit Madrid today to discuss arrangements for the conference with Mr Felipe Gonzalez, the Spanish prime minister, before returning to Washington.



Rapprochement: Foreign Ministers David Levy (right) of Israel and Soviet Boris Pankin renew diplomatic relations

Mr Pankin called the talks "a very important turning point for the entire situation in the Middle East". Shortly beforehand, he had fulfilled a key Israeli condition for its acceptance of the conference by restoring full diplomatic relations with Israel in a ceremony with Mr David Levy, the Israeli foreign minister. Moscow had severed ties 24 years ago during the Arab-Israeli Six Day War. The war resulted in the Israeli occupation of Arab lands which the Arab side wants the peace talks to reverse.

In Washington, the White House said President Bush would attend the opening ceremony with President Gorbachev. Continued on Page 22

Background, Page 2
Talks are not cheap, Page 6

Backing for EC plan isolates Serbia

By David Buchan in The Hague and Laura Silber in Belgrade

SERBIA was yesterday isolated as five of the six Yugoslav republics gave initial approval to a European Community plan to turn the disintegrating federation into a loose association of independent republics.

The EC proposals, drawn up by the Dutch EC presidency and Lord Carrington, chairman of the peace conference, were given extra leverage when the US and the Soviet Union joined the EC in calling for peace and threatening to match any EC sanctions if the civil war continued.

Lord Carrington said yesterday's discussion of the EC plan at a plenary session of the conference in The Hague marked "a cautious step forward".

President Slobodan Milosevic of Serbia objected that the plan would effectively legalise the break-up of Yugoslavia. But he described its provision for the protection of minority Serbs in Croatia as "very positive".

Lord Carrington said Mr Milosevic's objections should not be interpreted as a block to the plan. Montenegro, traditionally Serbia's ally, gave the plan its broad endorsement, along with the four other republics. "Mr Milosevic's reservations were to some extent legal, while the (EC) paper addresses itself to the facts on the ground," he added. Continued on Page 22

Background, Page 2

Britain irritated by EC move on construction projects

BRITAIN reacted with thinly-disguised anger yesterday to a European Commission request that it should halt seven construction projects pending environmental studies, write Ralph Atkins and Andrew Taylor in London and Andrew Hill in Brussels.

Mr John Major, the UK prime minister, was understood to be highly irritated by the letter from Mr Carlo Ripa di Meana, EC environment commissioner, and called for a full report. Mr Malcolm Rif-

kind, transport secretary, accused Mr Ripa di Meana of acting foolishly and unfairly. The UK government, however, appeared unwilling to widen the confrontation, probably because it is conscious of the sensitivity of negotiations over European economic, monetary and political union. "Occasionally silly mistakes are made. We believe that's all that's happened on this occasion," Mr Rifkind said.

Britain is not alone in allegedly infringing the EC environmental impact assessment directive, which was approved by member states in 1985 and became national law in all 12 countries by July 1988. Since then only Greece and Denmark have not been complying with the directive, although complaints against Greece are now being examined in Brussels. No member state has yet been taken to the European Court of Justice.

A Commission official said yesterday that Britain was not an exceptional case. Similar complaints about motorway and road improvement schemes have been levelled at Spain, Portugal and the Netherlands, for example. But it is unusual for Mr Ripa di Meana, to write a personal letter to a government minister asking for work to be suspended.

The Environment Department, which oversees planning applications in the UK, said that more than half the schemes at the centre of the controversy had been submitted before July 1988, when UK legislation enshrining the EC environment directive came into force.

Spanish sherry strike may mean a dry white season

By Peter Bruce in Madrid

A STRIKE by sherry workers around the Andalusian town of Jerez, which is already threatening Christmas sherry stocks in Britain and the US, may be entering its most dangerous phase with pledges from the eccentric mayor of Jerez and the socialist government of Andalusia to intervene.

"It's the worst thing that could happen," hissed the owner of one bodega (sherry producer) in Puerto Santa Maria yesterday. "The politicians will draw the thing out and they will inevitably take the sides of the strikers."

The two-week long strike has brought sherry production in the Jerez-Puerto Santa Maria-Sanlucar triangle to a virtual halt.

About 3,500 workers in all 60 of the region's bodegas have been striking in protest at a decision by the producers to pull out of a pension scheme.

Only half this year's grape harvest has been picked and "by now the rest will be pretty well ruined", says Mr Luis Bretón, chief executive of the main producers' association, Fedejerez. "If the strike goes on for another week it will be difficult to replenish shelves in the UK," the biggest export market - for Christmas.

Spanish drinkers who prefer the lighter and drier finos and manzanillas made from grape picked early may yet see some of the 1991 harvest. The British, though, usually get the sweet, sticky stuff no Spaniard would be seen drinking from grapes exposed to more sun.

Grape already delivered to the bodegas is not being processed and the striking workers have begun to padlock exits from the plants, making it even harder to ship reserves.

Producers fear the intervention of both Mr Pedro Pacheco, the mayor of Jerez and a combative opponent of the big sherry houses, and the Andalusian government. While they are sworn enemies, neither has any great affection for the grandes and multimillionaires that own bodegas like Gonzalez Byass, Domecq, Sandeman,

Croft and John Harvey. As tempers have risen this week some Fedejerez officials have warned that the large producers might even consider leaving Jerez, warning that the Palomino grapes used to make sherry could easily be replaced by something else.

Mr Bretón preferred not to discuss this swipe at the legend that Jerez has built for itself as the only place in the world where true sherry can be made. But he strongly denied suggestions that the bodegas might not be too upset about the strike.

This rumour has emerged because the bodegas are already committed to a programme to cut their sherry stocks by about 30 per cent by the summer of 1995.

This is part of a Pta5.4bn (\$50m) programme, heavily subsidised by the Spanish government and EC, to reduce production and harvests to match demand.

Sherry's fall from grace, Page VIII, Weekend FT Section II

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MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.7265	New York lunchtime: DM1.888	FT-SE 100: 2,601.1 (+12.4)
London: \$1.725 (1.7105)	FF16.75	FT Ordinary: 1,965.5 (+8.7)
DM2.9125 (same)	Sfr1.4745	FT-A All-Share: 1,252.83 (+0.4%)
FF9.8325 (9.825)	Y129.73	New York lunchtime: DJ Ind. Av. 3,087.68 (+14.98)
Sfr2.545 (same)	London: DM1.8885 (1.7035)	S&P Comp 322.29 (+0.37)
Y223.75 (222.0)	FF5.7575 (5.8025)	Tokyo close: Y129.85
£ Index 90.4 (90.3)	Sfr1.4795 (1.4885)	Tokyo Nikkei 24,894.82 (+454.97)
GOLD	Y129.75 (129.8)	
New York: Comex Dec \$384.4 (382.3)	US LUNCHTIME	
London: \$380 (383.5)	RATES	
W SEA OIL (Augs)	Fed Funds 5 1/8 %	
Brent 15-day Dec \$22.55 (22.55)	3-mo Treasury Bill: yield: 5.169%	
	Long Bond: 10 1/2 %	
	yield: 7.95%	
Chief price changes yesterday: Page 22		

LONDON MONEY 3-month 10 1/2 % (same) closing 10 1/2 % (same) Life long gilt futures: 94 1/2 (same)

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INTERNATIONAL NEWS

Another piece of the peace jigsaw falls into place

Hugh Carnegie on the Soviet Union's resumption of diplomatic relations with Israel

THE Soviet Red Flag was already fluttering outside the Israeli prime minister's office alongside the Stars and Stripes and the Star of David yesterday several hours before Mr Boris Pankin, the Soviet foreign minister, and Mr David Levy, his Israeli counterpart, signed the accord restoring full diplomatic ties between their countries after a 24-year break.

Its presence symbolised the fact that relations between Moscow and Jerusalem had over the past two years returned to normal in all but the last niceties of diplomatic protocol.

The exchange of ambassadors will

simply put the seal on a relationship which has warmed rapidly in step with the foreign policy changes under President Mikhail Gorbachev.

The first tangible effect of yesterday's agreement was to slot one of the final pieces into the peace conference jigsaw so painstakingly assembled over the past eight months by Mr James Baker, the US secretary of state, with backing from Moscow.

Israel, in line with longstanding policy, had said it would not accept the Soviet Union as co-host with Washington at any peace negotiations without the prior re-establishment of full relations. In the past few months, Moscow had held back from taking

such a step to keep the pressure on Israel not to pull out of the process.

The fact that Mr Pankin went ahead with signing the agreement before the Israeli government had formally given its final assent to the peace conference only served to underline US and Soviet confidence that Mr Shamir and his ministers will decide to attend.

The Soviet Union, which had been one of the first states to recognise Israel at the UN when it was founded in 1948, severed all ties with the country during the 1967 Middle East war, taking with it the then Soviet bloc countries and other allies. The move helped cement Israel's relationship

with the US, culminating in the strategic ties in which Israel was regarded as a key outpost of western interests confronting Soviet influence in the Middle East.

That relationship itself is now altering as a result of the end of the Cold War and its effects across the Middle East. But for years after 1967, the Soviet Union was the main source of political and military support to Israel's Arab foes, notably Syria and Iraq.

There was also constant friction under President Leonid Brezhnev over the issue of Jewish emigration from the Soviet Union and the imprisonment of Jewish "Prisoners of Zion",

or "refuseniks". That also has changed utterly since President Gorbachev allowed hundreds of thousands of Soviet Jews to emigrate over the past three years.

That wave of "aliyah", as immigration is known in Israel, has made Russians the biggest ethnic group in the country and has revived the heavily Russian character of Zionism that was a feature of the early Jewish settlement in the late 19th and early 20th centuries.

Moscow has made clear it wants to expand economic ties with Israel, but so far the chief obstacle for Israeli businessmen has been the problem of Soviet hard currency shortages.

40-year search for peace between Arab and Jew

OVER more than 40 years, and six wars, the search for peace between Israel and its Arab neighbours has continued. Here are some of the attempts.

November 1947. UN General Assembly advocates partitioning Palestine into a Jewish and Arab state side by side, with Jerusalem as an international city.

Jews have mixed feelings but Palestinians and Arab states reject plan outright. When British mandate ends on May 15, 1948 and Jewish state is proclaimed, Arab armies invade Israel.

1967. Following Israel's victory over Jordan, Syria and Egypt in June war, UN Security Council passes resolution 242 calling for Israel to withdraw from captured territory and all countries to have peace and secure borders. It is never implemented and remains the basis for the current peace effort.

December 21 1973. After 1973 war, the US and Soviet Union try to convene peace conference in Geneva under UN auspices.

Egypt and Jordan attempt on condition they do not negotiate directly with Israel. Syria refuses to come, while Israel first demands list of missing soldiers. No Palestinians are invited at first stage.

Arabs refuse to sit with Israel at a round table, so delegations have separate tables arranged as a hexagon, with one left empty for the Syrians. After ceremonial opening, conference is adjourned until after Israeli elections on December 31. It never reconvenes.

1974. Israel reaches disengagement agreements with Egypt and Syria governing troop deployments near ceasefire lines and Israeli withdrawal from certain areas.

September 1977. Egyptian President Anwar Sadat visits Israel to spur search for first Arab-Israeli peace treaty.

March 28, 1979. At Camp David, Mr Sadat, Israeli prime minister Menachem Begin and US President Jimmy Carter agree on Israeli-Egyptian peace treaty. It includes plan for Palestinian autonomy that is never implemented.

In Washington, they sign treaty, under which Israel returns Sinai Peninsula it captured from Egypt in 1967.

February 1990. US secretary of state James Baker's plans for Israeli-Palestinian talks collapse when Israeli prime minister Yitzhak Shamir refuses to attend in dispute over Palestinian delegations. His coalition falls but Mr Shamir attracts hardline and religious factions to his Likud party to form most rightwing government in Israel's history.

March 1991. Baker starts current efforts to convene a peace conference with extensive shuttles to the region.

October 1991. Soviet foreign minister Boris Pankin and Baker, on his eighth trip to the region since the Gulf war, issue invitations to a peace conference in Madrid to convene on October 30.

MADRID MIDDLE EAST CONFERENCE

THE PARTICIPANTS
Israel, Syria, Lebanon, Jordanian-Palestinian delegation

THE OBSERVERS
United Nations, European Community

THE SPONSORS
The United States, Soviet Union

THE PROCEDURE

PHASE 1

Opening sessions in Madrid to be ceremonial only, with each party making opening speeches. Israel refuses to consent to the full conference reconvening at any stage.

Presidents Bush and Gorbachev to attend opening only. Participants will attend at foreign minister level.

Opening expected to last four days.

PHASE 2

Conference devolves into series of bilateral sessions between Israel and Syria, Lebanon and Jordanian-Palestinian delegation.

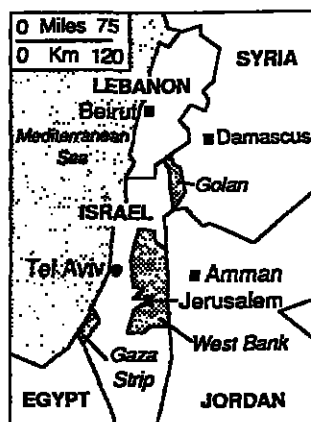
Key issues for the Arabs will be Israeli occupation of the Syrian Golan Heights, part of southern Lebanon and the West Bank and Gaza Strip. Israel seeking peace treaties without territorial concessions.

PHASE 3

Up to two weeks after convening of conference, multilateral talks begin with Egypt and the Gulf Co-operation Council joining the negotiations.

Issues will include water resources, the environment and arms control.

Syria has so far refused to commit itself to these talks until bilateral disputes are settled.



The shaded areas show the territory occupied by Israel since 1967 in defiance of UN resolution 242

'An opportunity for true peace and security'

THE following is the text of President George Bush's statement yesterday.

I am extremely pleased that secretary of state Baker and foreign minister Pankin have announced that the United States and the Soviet Union are issuing invitations to a Middle East peace conference in Madrid beginning on October 30.

I myself plan to be there to help open this historic gathering, one with the potential to bring true peace and security to the peoples of the area.

As the invitation makes

clear, the objective of the effort is nothing less than a just, lasting and comprehensive settlement of the Arab-Israeli conflict. To be achieved through a two-track approach of direct negotiations between Israel and the Arab states and Israel and the Palestinians based upon UN Security Council Resolutions 242 and 338.

I very much hope that all those invited will respond quickly and affirmatively so that the necessary organisation and preparations can be completed for this historic undertaking.

Eight Soviet republics sign economic treaty

By Leyla Boulton in Moscow

LEADERS OF eight of the 12 Soviet republics yesterday signed a treaty for economic union, taking what President Mikhail Gorbachev said was probably the most important decision of their lives.

Mr Nursultan Nazarbayev, president of Kazakhstan, called the agreement, which sets fragile foundations for a common market and co-ordinated financial stabilisation measures, a "historic act". Mr Boris Yeltsin, Russian president, said the treaty did away with the old, dictatorial, centralised system, but he warned that economic reforms this winter would be extraordinarily harsh.

Mr Levon Ter-Petrosian, the newly-elected Armenian president who has promised his republic full independence, said he had signed the treaty because it opened the way for "qualitatively new relations between republics... they figure as free and really equal".

Despite being shunned by the Ukraine, the second richest republic, the accord provides a necessary minimum of coher-

The Soviet Union will require \$10bn-\$11bn in aid from all sources this year to meet its needs for food and livestock feed, according to Mr Edward Madigan, US agriculture secretary. Reuters reports from Minneapolis.

Mr Madigan, who returned last week from a fact-finding mission to the Soviet Union, said: "There is going to be a problem in all republics." However, he did not believe there would be famine.

Since before the arrival in Moscow next Saturday of a Group of Seven delegation to assess Soviet requests for economic assistance.

The G7 delegation plans to tell the Ukraine in blunt terms that it cannot count on western assistance to go it alone.

Also absent from the signing were Moldova and Azerbaijan, which have indicated they will sign later, while Georgia has remained silent. All 12 republics initiated the document in Alma Ata earlier this month.



A Yugoslav army reservist patrols by bicycle in the village of Jasenovac in central Croatia yesterday

Tudjman's grip loosens as he rides the nationalist tiger

By Judy Dempsey, recently in Croatia

AS THE indefatigable European Community monitors try to arrange local ceasefires between the Croatian authorities and Yugoslavia's Serb-dominated federal army, their task is being made more difficult by the growing radicalisation of Croatian society.

This spans the political spectrum and is particularly evident among the growing number of paramilitary units outside the control of Croatia's defence ministry. It is one of the many factors hampering efforts at implementing a lasting ceasefire and it is likely to rule out a rapprochement between Serbs and Croats if any settlement is reached.

The trend towards radicalisation has accelerated over the past month and has widened the gulf between Mr Franjo Tudjman, Croatia's president, and Croatian popular opinion.

"Mr Tudjman's control and authority is eroding by the day," one senior Croatian official said.

The roots go back to April 1990, when Croatia held its first free elections since the Second World War. Then, Mr Tudjman, as head of the Croatian Democratic Union (HDZ), launched a campaign which reawakened Croatian nationalism and served to radicalise sections of the Serb community which make up 12 per cent of Croatia's 4.5m population.

The HDZ, once in power, moved quickly to dismiss many Serbs from prominent positions, not only because these Serbs were part of the Communist apparatus, but because they were Serbs per se.

The party insisted that Serbs sign an oath of loyalty to the

new Croatian government. In addition, many Serbs were intimidated by the revival by the HDZ of symbols which recalled the Nazi-backed Ustasha movement of the early 1940s. These actions, taken in the government's first six months, have been described by one Croatian official as a "terrible mistake, indeed almost a tragedy".

The trend towards radicalisation has accelerated over the past month and has widened the gulf between Tudjman and Croatian popular opinion.

Mr Milorad Pupovac, a Serbian liberal and head of the Serbian Democratic Forum in Croatia, says many Serbs felt confused. "They did not know what future role they would have in Croatia."

The HDZ dropped the loyalty oath, modified some of its nationalist symbols, and recently offered the Serbs a wide degree of cultural autonomy and political representation. But the gesture was seen by many Croat and Serb liberal intellectuals as coming too late.

"Mr Tudjman had played into the hands of Mr Slobodan Milosevic (the president of Serbia). Milosevic was ideally placed to exploit the fears of the Serbs in Croatia," a senior Croatian official said last week.

"Tudjman refused to listen to the voices of moderation."

As the Serbs in Slavonia, eastern Croatia, and in the Krajina, south-west Croatia, set up their own paramilitary units, aimed at carving out Serbian autonomous enclaves with the help of the federal army, this in turn had the effect of exacerbating Croatian nationalism.

"There were two factors which led to this," a former adviser to Mr Tudjman said. "The Serbs and the army have been waging a war of destruction on Croatian territory since August. At the same time, Tudjman had no military policy whatsoever. The Croat establishment is seeking revenge against the Serbs and the federal army. It is growing increasingly impatient with Tudjman's incompetence."

The HDZ's headline policy, while marginalising the party's moderate wing, has failed to rein in the ultra-nationalist Croatian Party of Rights led by Mr Dobroslav Paraga, whose members speak respectfully of Mr Ante Pavelic, head of the Ustasha movement in 1941.

Over the months, the Party of Rights has built up a paramilitary unit which acts independently from the Croatian ministry of defence.

"We are in an impossible situation," explained an EC monitor. "It is now clear that even if we reach an agreement on a local ceasefire with the Croatian military and the federal army, neither side have control on the ground. Croatia is now riddled with extremist Croat and Serb paramilitary units who defy any ceasefire orders. I do not know how much more the monitors can do."

European pledge on US nuclear bases

By David White in Taormina, Sicily

EUROPEAN members of Nato yesterday committed themselves to continue sharing responsibility for providing bases for US nuclear weapons even though 80 per cent of them are to be destroyed.

Defence ministers have approved cuts which will leave Nato with a residual stockpile of between 700 and 800 bombs in Europe, out of the approximately 3,600 tactical nuclear weapons currently deployed. All ground-launched nuclear weapons are to be taken back to the US and destroyed.

US nuclear bombs, which are to be reduced by 50 per cent, are believed to be held in the UK, Germany, Italy, the Netherlands, Belgium and Turkey, while Greece also has storage facilities.

General John Galvin, Nato's

US to lift Cambodia embargo

THE US plans to lift its 16-year embargo on trade with Cambodia as soon as the UN-sponsored plan to bring peace to the country is signed in Paris next week, writes George Graham in Washington.

Mr Richard Solomon, assistant secretary of state for east Asian affairs, said the US would also support plans for the World Bank and other international financial institutions to begin projects in Cambodia, and would set up a liaison mission in Phnom Penh, the capital.

Poland buys Boeing

LOT, Poland's state owned airline, is to buy nine MD80 aircraft from Boeing under a contract worth around \$300m, writes Christopher Bobinski in Warsaw. It also has an option on a further two 737s.

The airline originally signed a letter of intent with McDonnell Douglas for nine MD80 aircraft but cancelled it in July. The US company has said it will sue for breach of contract.

US housing setback

US housing starts fell by 2.2 per cent in September, fueling concern about the economy's faltering recovery from recession, writes George Graham in Washington.

The Commerce Department said total September private housing starts amounted to an annual rate of 1.03m, 7 per cent lower than a year earlier.

Canadian left gains

Canada's left-leaning New Democratic Party has won control of a second key province with a landslide victory in elections in British Columbia, writes Bernard Simon in Toronto.

The NDP, smallest of the three main parties, came to power in Ontario last year and is expected to win in Saskatchewan next week.

Copy us, Brussels tells warring Yugoslavs

By David Buchan in The Hague

THE EC has thrown a loose version of its own constitution at the Yugoslav problem in a bid to produce a political settlement to the civil war.

The proposal was broadly welcomed at yesterday's Hague peace conference by five of the six republics, with only President Slobodan Milosevic of Serbia complaining that it undermined the Yugoslav federation's legal status.

The EC plan calls for a free association of sovereign

republics, which would co-operate in trade, money and security matters. It would mirror EC institutions by giving Yugoslavia a council of ministers, an executive commission and a court of appeal, located in different republics. If the overall problem were not so tragic, this aspect of the EC solution might be considered comic, since the EC has never finally resolved the sitting of its own institutions.

The two key variants on the EC model are:

- Recognition of the independence, within existing borders, unless otherwise agreed, of republics wishing it.
- President Franjo Tudjman of Croatia stressed his republic was still bent on independence with its own money and army.
- Special protection for minorities, who would have the right to a national emblem, a second nationality, their own schools and legislature. Mr

Milosevic called these proposals positive.

In EC parlance, this is subsidiarity, or autonomy with a vengeance. Lord Carrington, the peace conference chairman, said that facts on the ground had to be recognised, and that "we must build from the bottom up".

With nine ceasefires already broken, it remains so hard to imagine jaw-jaw totally replacing war-war in Yugoslavia that some of the

Gates wins backing of key senators

By George Graham in Washington

MR Robert Gates, President George Bush's nominee to head the Central Intelligence Agency, yesterday won strong endorsement from a key Senate committee.

The select committee on Intelligence voted 11 to 4 in favour of the appointment, with four Democrats joining the Republican minority on Mr Gates's side.

The nomination is expected to be forwarded to the full Senate in the next two weeks, but the committee's strong backing is thought likely to ensure an easy ride for Mr Gates.

Mr Gates's confirmation had been held up by the intelligence committee for four months because of concerns over the extent of his knowledge of the Iran-Contra arms-for-hostages affair. The issue led Mr Gates to withdraw his name in 1987 when President Ronald Reagan sought to

appoint him to the CIA post.

Mr Gates appears to have overcome these doubts during intensive committee hearings last month, and to have shaken off claims by other CIA analysts that he had slanted intelligence analyses for political ends.

The intelligence committee vote is the second confirmation vote for President Bush this week, coming in the wake of the narrow confirmation vote for Mr Clarence Thomas as a Supreme Court Justice.

A much easier confirmation was won yesterday when the Senate banking committee endorsed Mr William Taylor, former head of banking supervision at the Federal Reserve Board, to be chairman of the Federal Deposit Insurance Corporation (FDIC) which supervises part of the US banking system and guarantees bank deposits in the event of failure.

Last-minute deal saves Haughey

By Tim Coone in Dublin

THE Irish government yesterday narrowly avoided being toppled after the two coalition partners reached an eleventh-hour agreement on tax reform and then voted together in a crucial vote in parliament.

A confidence motion in the government was narrowly passed by 84-81 votes, but it was unclear until the last moment whether the junior partners in the coalition, the Progressive Democrats (PDs) would back prime minister Charles Haughey's party, Fianna Fail, if key concessions were not made on tax reform.

A defeat of the government on the confidence motion would have precipitated general elections.

In the event, Fianna Fail and the PDs agreed a new programme for the next two years

just hours before the vote. It recognises that a cut in the overall taxation level "will not be possible in the next few years" but agrees on a radical overhaul of the tax structure, involving "systematic curtailment of the vast range of exemptions, shelters, allowances and concessionary tax rates".

The changes will be phased and opposition leaders immediately attacked them for being too vague.

The agreement is seen as a victory for Mr Albert Reynolds, finance minister, who apparently held out against PD pressure for more specific and immediate commitments on reform. He told parliament: "tax reduction and reform requires prudent control of expenditure... that is how we propose to proceed, so that we can move steadily toward a



Haughey: close call

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INTERNATIONAL NEWS



Tony Adams

Fierce Hawke leaves Major in the shade

MR JOHN MAJOR (pictured above) may have bowled over the Commonwealth prime ministers at his conference here, but he found the bowling of a team of Zimbabwean schoolboys more difficult to handle yesterday, writes Robert Mauthner in Harare.

His style was elegant and he scored a boundary with a massive off-drive from a full toss. But he could not match the naked aggression of Mr Bob Hawke, the Australian prime minister, or the stroke play of Pakistan's Nawaz Sharif.

The Commonwealth leaders were playing in a charity match for a team which included such notable exponents as Clive Lloyd, the former West Indian cap-

tain, and Graeme Hick, the Zimbabwe-born England player.

Mr Hick, clearly, had been sent back to his country of birth by the English selectors to get some much-needed batting practice. He was out fourth ball, but was allowed to have another go. Mr Lloyd just

likes playing with prime ministers. "I played with Mr Hawke two years ago in Australia," he told a distinguished lady reporter, who asked him whether he was from Zimbabwe.

Mr Major, who scored five runs before having to retire under the bizarre restricted overs rule of the match, said he had "thoroughly enjoyed" the experience. The last time he played was for a north of Nigeria team in 1966, when he scored

77 not out. That innings was cut short by an aircraft landing on the pitch at square leg. Three days later he broke his leg in a car accident, an injury that has plagued him ever since.

But he made a brave show at running between the wickets, as the 62-year-old Bob Hawke's agricultural sweeps sent the score rocketing.

Both were put in the shade by Mr Sharif who dispatched beagun dummies for six after six over the pavilion boundary, before being stumped.

"A good knock, sir," Mr Sharif's aide said in somewhat dated English. "He's cheating," said a jealous Mr Major. "He played last week." It came as no surprise that the match was the idea of Mr Sharif.

Commonwealth seeks to help develop post-apartheid society

S Africa aid mission expected

By Michael Holman in Harare

Commonwealth leaders are expected to send a fact-finding mission to South Africa to assess ways in which the organisation can assist the development of a post-apartheid society.

The decision to send a team, likely to be led by Chief Emeka Anyaoku, the Commonwealth secretary-general, reflects the shift in members' concern from sanctions to aid.

There is now little doubt that Commonwealth heads of government, who left last night for a weekend "retreat"

at the Victoria Falls, will agree on the lifting of what are called "people-to-people" sanctions against South Africa. These include bans on tourism promotion, visa restrictions and direct air links.

Nearly all the Commonwealth governments favour the phased withdrawal of trade sanctions, followed by financial sanctions (such as access to international monetary fund resources), linked to political progress in South Africa.

But Britain is continuing strongly to press for a more rapid repeal of embargoes, thus opening the door for aid and investment.

British officials point out

that under proposals currently before the conference, some sanctions could remain in place even after the creation of an internationally acceptable interim government.

"The difference over speed will remain," Mr John Major, the British prime minister, said in Harare yesterday. "What South Africa needs most now is investment to encourage growth," said Mr Major.

The country's annual 3 per cent population increase and little or no economic growth meant that "year after year the poorest in South Africa are getting poorer".

Growing interest in a Com-

monwealth role in South Africa's post-apartheid development is reflected in a report prepared for the Harare meeting. It advocates Commonwealth support for a short-term \$50m training programme to ease the shortage of black South African managers.

The main issue on yesterday's conference agenda was the environment. Mr Major told the meeting that Britain aims to reduce carbon dioxide emissions to their 1990 level by year 2005. But British officials expressed disappointment that discussion of environmental problems tended to concentrate on national rather than global concern.

UK NEWS

Tories attack Adams' election

By Michael Smith, Labour Correspondent

THE CONSERVATIVE party moved on the offensive yesterday as the TGWU general workers' union elected a communist as deputy general secretary in preference to a close ally of Mr Neil Kinnock, the Labour leader.

Mr Michael Howard, the employment secretary, said the election of Mr Jack Adams as TGWU deputy general secretary "placed a red hand on the lever which controls the Labour party".

He said: "Today's result means that the old-style communism, evicted even from the Kremlin... will exercise a newly powerful voice in Walworth Road [Labour's headquarters]."

Mr Kinnock, a TGWU member, denied that the defeat of Mr Jack Dromey was a setback. "It was a democratic

election and their [the union members'] judgment."

Mr Adams, a member of the Communist Party of Great Britain, won 77,180 votes against Mr Dromey's 65,806. Mr Pat Higgins, a forklift truck driver, won a surprisingly high 20,305 votes and Mr George Henderson, a national secretary like Mr Dromey and Mr Adams, won 20,866. The turnout among the union's 1.2m members was about 17 per cent.

In spite of Mr Kinnock's protestations, the election represents a significant setback for him and other Labour party leaders, who had campaigned for Mr Dromey behind the scenes.

Mr Adams, 37, has been on the reformist, democratic wing of the Communist party since he joined 18 years ago. He cam-

paigns actively for the Labour party in general elections and, on most issues, there is little to divide him and Mr Dromey.

None the less, he is likely to take a more independent line from the Labour leadership than would Mr Dromey. Mr Adams said he was pleased that members had voted to ignore the "smear campaign" against him by some media commentators. He complained that they were people who had not met him, nor had an interest in what he stood for.

Mr Adams is the lead negotiator for unions at Ford, Rover and Jaguar. Before becoming a national officer five years ago, he worked at Longbridge, Birmingham, first as a shopfloor worker and later as a union convenor.

Mr Tony Blair, the shadow

employment secretary, said the Conservative attack was quite extraordinary, given that Mr Adams had been elected in accordance with legislation introduced by the Tory party.

Mr Dromey said he was disappointed but would work as part of the TGWU leadership team to build a strong, modern and democratic union.

He suffered a further blow yesterday when he was replaced as chairman of the union committee that negotiates pay for 900,000 blue-collar workers in local government. It is thought that fellow negotiators were unhappy about him publicising votes in favour of this year's pay offer before a deal was reached with employers. Mr Alistair Macrae, a national secretary of the Nupe public-service union, was elected to the chair.

Leyland DAF to enforce one-year freeze on pay

By Michael Smith

LEYLAND DAF, the British subsidiary of the DAF truck company of the Netherlands, is to impose a one-year wage freeze on its 6,300 employees.

The move comes as it struggles with what it says are the worst trading conditions it has encountered since the Second World War.

The freeze is one of the first by a vehicle manufacturer in the UK during the present recession.

Other employers are likely to point to it in their pay negotiations in an attempt to discourage optimistic expectations.

Negotiations are in progress at Vauxhall, where 9,000 manual workers have been offered 5 per cent, and at Ford, where

30,000 blue-collar employees have put in for rises of at least 7 per cent.

Mr John Allen, an executive councillor of the AEU engineering union, yesterday condemned Leyland DAF's wage freeze. He said that it was not the answer to the company's difficulties.

In a letter to employees yesterday, Mr John Gilchrist, managing director of Leyland DAF, said that the freeze was unprecedented for the company. It would "affect us all" and was essential to secure the future.

Losses in the past 18 months have exceeded £125m. Nevertheless, assuming there is no further deterioration in the European truck market, the company would hope to break

even in the fourth quarter of the year.

Mr Gilchrist said that only 32,000 trucks would be sold in the UK this year, 53 per cent down on total UK sales in 1989.

Similarly, van sales had fallen from 146,000 in 1989 to a forecast for 1991 of only 85,000.

Most of Leyland DAF's employees are based at Leyland and Chorley, Lancashire, but there are 2,200 in Birmingham and 550 in Glasgow. Some 300 marketing staff also work at Thame, Oxfordshire.

The pay freeze will take effect from January 1, when the present wage and salary agreements end.

Increases in the past two years have been 6 per cent and 5.5 per cent.

Shortfall in redundancy volunteers

JAGUAR, the embattled luxury-car maker, has received voluntary redundancy applications for fewer than half the 1,400 job losses it sought in the latest round of cost-cutting, John Griffiths writes.

The deadline for applications for redundancy and early retirement expired yesterday. The company agreed to extend the time until the end of next week, after which redundancies will be imposed.

Those involved will be have to leave by November 1. When the deadline expired, Jaguar was 720 volunteers short. The unions, which have been hostile to redundancy criteria - assessment of employee worth rather than service - had pledged to support those resisting cuts. However, significant opposition seemed unlikely yesterday.



Show must go on: but manufacturers were feeling the pinch yesterday as the Coach and Bus 91 exhibition opened

Bus makers' hopes of help are dashed

By John Griffiths

HOPES of UK bus and coach manufacturers that the government might use the Coach and Bus 91 exhibition to launch a programme to promote bus use went unrealised yesterday.

Mr Roger Freeman, junior transport minister, who opened the biennial show at Birmingham's Exhibition Centre, promised only that a working party set up in April to consider ways of increasing bus usage would announce conclusions "before the end of the year".

The Transport Department plans to issue guidelines to local authorities on bringing in bus priority measures, such as bus lanes and park-and-ride schemes. Even so, there was little optimism among manufacturers in this deeply depressed industry that the measures would have any significant effect on meeting the lack of resources among both public and private bus operators to replace ageing fleets.

Bus and Coach Council officials pointed out that 14 bus and coach body builders, half

of the UK total, had merged or gone temporarily into receivership or out of business since the 1989 show. There had been virtually no new orders for buses for six months, while a recession-induced slide in tourism has depressed coach orders.

Statistics from the Society of Motor Manufacturers and Traders show bus and coach sales down by more than 30 per cent so far this year to 1,556, compared with 2,260 in the same period a year ago.

According to Mr Ron Armstrong, a director of Iveco Ford, more than 80 per cent of double-decker buses, and 70 per cent of single-deck buses in use are more than 10 years old.

While annual car production, helped recently by growing exports, has risen to half as much again as the 880,000 units reached at the industry's nadir in the early 1980s, output of "traditional" buses this year is expected to be fewer than 1,000 - compared with 9,000 a decade ago.

Demands grow for reduction in Japan's discount rate

By Robert Thomson in Tokyo

DEMANDS for a cut in Japan's official discount rate (ODR) grew yesterday as Mr Kiichi Miyazawa, who is expected to become prime minister next month, called on the Bank of Japan to make a "prompt" decision in order to revive a flagging economy.

Japanese stock and bond prices rose sharply in expectation of an interest rate cut, as rumours swept the trading floor that the central bank could make an announcement as early as today or next week.

But Mr Yasushi Mieno, the Bank of Japan governor, said last night that Mr Miyazawa's call would not influence the bank which remains satisfied with the health of the economy.

He said the previously overheated economy was ready to

enter a phase of more balanced growth, but that attention must be paid to the inflationary impact of an interest rate cut.

The ODR stands at 5.5 per cent, and was cut from 6 per cent on July 1, the first fall in 4½ years. Japanese brokers said they expected a further cut to 5 per cent or 4.75 per cent in coming days, and were not discouraged by Mr Mieno's statement.

In the past few days, various government officials, including Mr Eiichi Nakao, the minister for international trade and industry, have urged the central bank to stimulate the domestic economy with a reduction in rates.

Mr Nakao is concerned that slower domestic growth has encouraged Japanese compa-

nies to use excess production capacity to increase their exports, resulting in a higher trade surplus and increased trade friction.

The chorus was joined yesterday by Mr Masaru Hayami, chairman of the Japan Association of Corporate Executives, who said the yen's recent appreciation against the dollar had created a favourable climate for a rate cut. He suggested that the central bank was close to making a decision and that his association would welcome a cut.

While the deregulation of Japanese interest rates has made the effect of an ODR cut more symbolic than real, a cut will be interpreted by Japanese industry as a sign that a cautious central bank is ready to encourage growth.

HK fears over court of appeal

By Angus Foster in Hong Kong

HONG KONG legislators have expressed grave concerns about the colony's proposed court of final appeal, despite government assurances the court represented "a good deal" for the colony.

The legislators were yesterday briefed for the first time on the court, which was agreed between Britain and China last month. Under the agreement, the court will be set up before Hong Kong's transfer from British control in 1997.

After Chinese objections, a maximum of only one of the court's five judges will be drawn from overseas. This has raised concerns that China is not prepared to allow Hong Kong a strong and independent judiciary.

Both liberal and conservative legislators have complained that the limit on overseas judges runs contrary to the Basic Law, Hong Kong's mini-constitution after 1997, which does not limit the number of overseas judges.

Hong Kong and Britain originally wanted a maximum of two judges to come from other common law jurisdictions to ensure the court's independence and high standards. Britain agreed to the Chinese position earlier this year in return for having the court up and running quickly.

Several legislators are calling on the government to review the agreement and are threatening to amend it when it comes before the Legislative Council next year to be passed into law. This would pose a serious risk of confrontation with Peking, which held up progress on the court's establishment for over a year following the Tiananmen Square killings in 1989.

Mr Anthony Rodgers, chairman of the Hong Kong Bar Association, said it was better to delay setting up the court than set it up with the present restrictions.

Tokyo refuses to back Texas super collider

By Steven Butler in Tokyo

JAPAN effectively rejected a US request to support construction of an \$8.5bn (\$4.94bn) particle accelerator in Texas, known as the superconducting super collider, during scientific talks in Tokyo yesterday.

Japanese officials said after the meeting they had told Dr Alan Bromberg, director of the White House office of science and technology, and Mr Henry Moore, deputy energy secretary, that Japan's Ministry of Education lacked funds to support the project because it needed to pay for basic science at Japanese universities.

The US side, which has sought to increase political pressure on Japan to contribute some \$1.5bn to the project, said it would seek a final decision in late November when President George Bush visits Tokyo for discussions with Japan's prime minister.

Broking houses face anti-monopoly probe

By Robert Thomson in Tokyo

JAPAN'S Fair Trade Commission (FTC) yesterday launched an investigation into alleged breaches of anti-monopoly laws by the country's largest broking houses in their compensation of favoured clients for investment losses.

Investigators inspected documents at the head offices of the "Big Four" - Nomura Securities, Daiwa Securities, Nikko Securities and Yamachi Securities - all of which had hoped that the spate of stock scandals and the public humiliation had already come to end.

The FTC wants to ascertain whether the four breached anti-monopoly laws by offering unfair profits to customers, though under the relevant article, the houses cannot be penalised. An FTC official said the shame of being found guilty was punishment enough.

"We know that the houses have already been judged

under the relevant securities legislation, but we still think there is room for action against them under anti-monopoly laws," the official said.

The FTC's investigation appears to be part of a campaign to bolster its image as enforcement agency, as it has been regularly condemned by Washington for failing to police anti-monopoly laws.

The Big Four this week began their penance for having compensated clients and, in Nomura's case, for promoting "excessively" a stock in which an alleged gangster had taken a large stake.

Japan's finance ministry had ordered that more than half of Nomura's branches stop selling equities for up to six weeks, while all four houses were banned from dealing with corporate customers for between one and three weeks for the compensation of select clients.

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PRIVATE PARKING

UK NEWS

Signs of upturn in financial services sector

By David Barchard

A MODEST recovery of confidence is evident in the financial services sector and a mild upturn of business is expected in the final three months of this year, according to a report published yesterday by the Confederation of British Industry and Coopers & Lybrand Deloitte, the accountancy firm.

Three out of 10 financial services companies are more confident about their business prospects than they were three months ago, and only one in 10 is more pessimistic.

This is the first time an upturn in confidence has been reported since the CBI/Coopers & Lybrand Deloitte Survey of Financial Services began in December 1988, but most companies still expect to face lack of demand over the next 12 months.

The survey shows that business volumes in the financial services sector continued to fall in the third quarter of the year. The banking sector continues to report business volumes well below normal, as do finance houses and building societies.

General insurance companies say that volumes declined slightly faster in the third quarter than in the second, although the broadly stable volumes in the third quarter

for life assurance were better than expected.

Business with overseas customers was a little up during the quarter.

Financial services companies continue to invest strongly in information technology, and investment in training is also strong. Fifty-seven per cent of companies expect investment in information technology to increase over the next year, while only 14 per cent say they think it will decline.

Venture capital stands out as the most optimistic sector of the financial services industry, even though it appears to have been among those hit hardest by the recession. Business volumes fell below normal in 78 per cent of companies surveyed, and the fall in volumes was much sharper than expected last June.

The CBI says it expects job cuts in the financial services sector to increase. A sharp fall in numbers employed is expected in the final quarter of the year and even building societies, which had been recruiting strongly, seem to be slowing down on their staffing levels.

The survey covered 379 companies including banks, finance houses, building societies, insurance companies, brokers, stockbrokers, and venture capital institutions.

Outsider recruited to run troubled exchange

By Richard Waters

A CHAIRMAN has been brought in from outside the commodities industry to run the London Futures and Options Exchange (Fox), the soft-commodities market that has been in upheaval after revelations that it engaged in potentially illegal activity in several of its contracts.

Mr Andrew Large, a former chairman of the Securities Authority, the regulatory body for the securities industry that has since been merged to become the Securities and Futures Authority, was voted in by Fox's board yesterday.

He replaces Mr Saxon Tate, a member of the family behind sugar group Tate & Lyle, who

resigned as chairman two weeks ago. He left to take responsibility for the activities of Mr Mark Blundell, the former chief executive, who resigned at the same time after admitting to "initiating" trades in Fox's property futures market.

Although Mr Large has no experience of the commodities industry, he has overseen trading in derivatives such as futures while a director with Swiss Bank Corporation, a post he left to set up his own financial services business.

Fox has already brought in Mr Phillip Thorpe from the Securities and Futures Authority as acting chief executive.

Lloyds' agency faces end to control

By Richard Lapper

H.G. CHESTER & Co, the Lloyd's of London agency group that manages one of the insurance market's most famous marine syndicates, is likely to lose its independence.

The rapidly growing Hayter Brockbank agency, which was listed on the stock market in February 1990, will provide management support for both Chester's syndicates and its members' agency over the next nine months. It is likely to assume full control next year.

The move is the latest in a number of takeovers and mergers affecting both syndicates and agents as Lloyd's responds to its first losses for more than 20 years.

The higher members' agents are playing an important role in the restructuring process and are backing Hayter Brockbank. Members' agents handle the affairs of Names, the individuals whose capital backs syndicates.

Until his death in 1988, Mr Henry Chester was regarded as one of the doyens of the marine insurance market. Syndicate 65 was one of the biggest marine syndicates at Lloyd's, writing premium income of £103.7m in 1988. But members' agents have pulled Names away from the syndicates in recent years. Capacity declined to £76.2m this year.

Agents say Chester's present management was ill equipped to deal with the syndicate's exposure to liability risks, stemming from policies originally written in the 1950s.

"Agents were only prepared to continue to recommend support provided the management of the [Chester] agency [was] strengthened," said Mr John Hayter, chairman of Hayter Brockbank. "Members' agents were not happy with the way management worked in the round."

Hayter Brockbank will take over management of syndicates 65 and 640 as well as Chester's members' agency operation, which handles the affairs of 250 Names.

Hayter will pay a percentage of future profits to Chester to secure the deal if it exercises an option to secure full control next year.

Hayter's managing agency now handles a portfolio of more than £200m, nearly double its capacity last year. Its members' agency operation will now handle the affairs of 750 Names.

Receivers missing £2m from failed school tours group

By Chris Tighe

MORE THAN £2m is still unaccounted for after the collapse in March of Adventure Travel International, the school tours operator, a liquidation meeting heard yesterday.

Mr Alan Marlor, of Ernst & Young, ATTI's joint administrative receiver, told the meeting in Bradford that only £600,000 of the company's net deficiency of £2.68m could be explained by losses on the purchase of a rural holiday centre and the write-down of equipment.

The meeting was told that ATTI's debts totalled £2.91m and its assets just £228,733 before liquidation costs. Unsecured creditors - the largest of which is the Association of British Travel Agents (Abta) - can expect to receive only 7p in the pound.

ATTI, based in Shipley, West Yorkshire, was one of three school holiday companies to collapse in only six weeks earlier this year.

The failures led Abta, which faced total losses approaching £7m, to impose

emergency levies on travel agents and holiday operators and substantially increase the bonds it required from school tour companies.

Mr Tony Richmond and Mr Martin Shaw of KPMG Peat Marwick's Leeds office, were yesterday appointed as the company's liquidators, at the request of Abta.

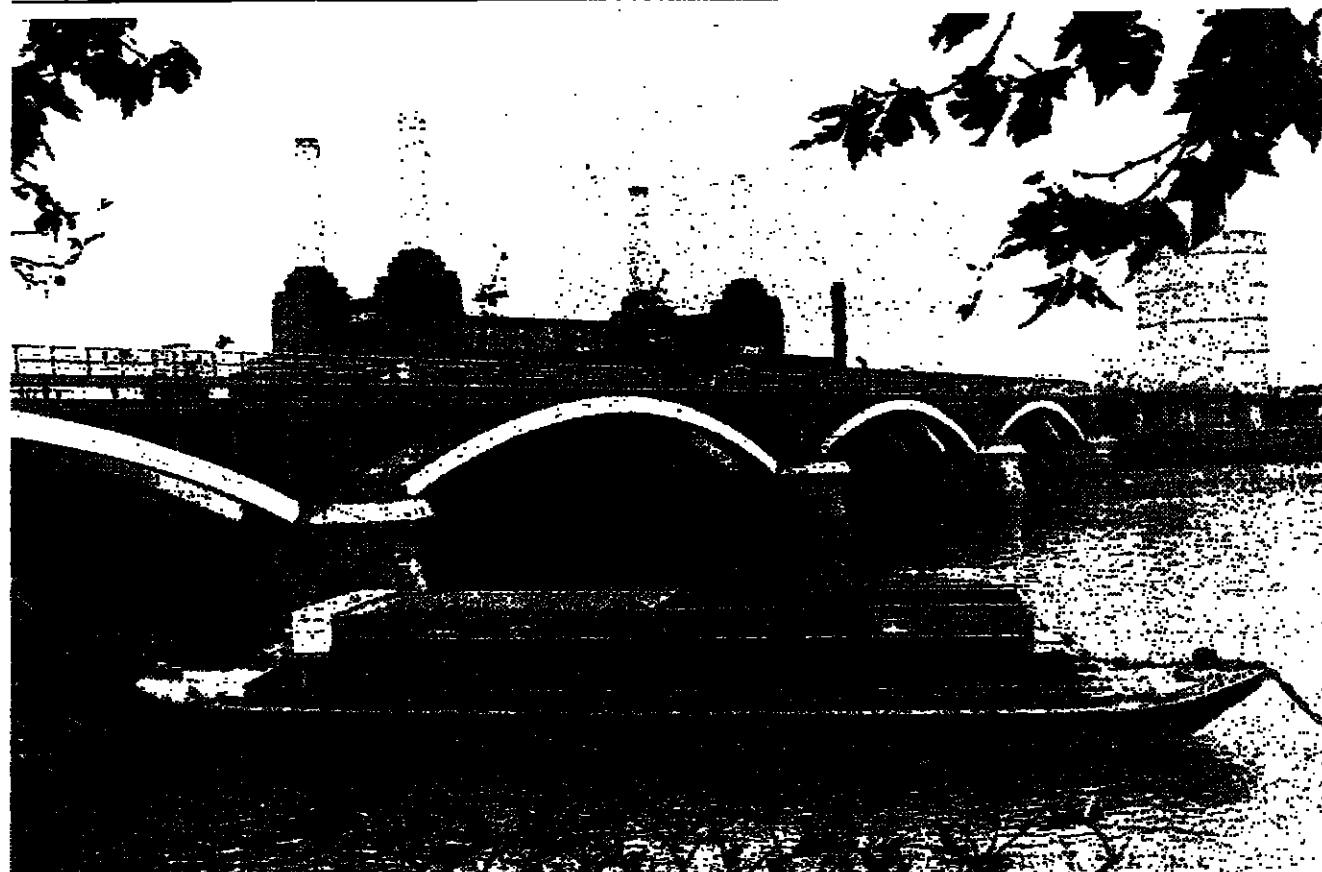
Abta is still owed £1.28m by ATTI; a bond covered a further £456,000 loss.

Mr Andrew Amess, who became ATTI's sole director in January after the

resignations of Mr David Constance and Mr Nigel Parker, then its directors, was at the meeting.

Mr Constance and Mr Parker, who remained as consultants at ATTI until its collapse, did not attend.

After the meeting, Mr Gary Black, senior insolvency manager at Peat Marwick's Leeds office, said the liquidators would seek to explain the missing £2m. "We've got to come up with some answers," he said. "Where did this money go?"



Generating controversy: Wandsworth says it is owed money for control and inspection of the power station site

Power station owners to face action

By Jimmy Burns and Richard Donkin

THE Conservative-controlled Wandsworth Borough Council has decided to take legal action against the owners of Battersea Power Station over £158,000 of unpaid debts.

Work on the power station by Battersea Leisure, the company owned by Mr John Broome, was halted in March 1989 by the syndicate of four banks that were financing Mr Broome's original development project.

The council had previously resisted taking action against Mr Broome's company in order not to jeopardise his chances of raising finance to continue the project.

Mr Guy Senior, chairman of

the council's planning committee, said he was "reprehensibly dismayed" at the action over "a lousy £158,000" in relation to a £200m project.

The decision to take Mr Broome's company to court comes amid growing scepticism within the council that Mr Broome can deliver on his promise to raise fresh finance.

Mr Senior said: "We can't go on waiting until he [Mr Broome] tells us that some new financing is round the corner."

Seven months ago, Battersea Leisure made known that it had started talks with a Japanese consortium in an effort to

revive its plans for a leisure complex at the site, on the south bank of the Thames. The refinancing plans are said to be still under negotiation but have so far failed to come to fruition.

Mr Cooper said the dispute concerned the second stage of building regulation payments that had not been paid because the contract was suspended.

"It really doesn't help sensitive negotiations with threats of writs from the local authority," Mr Cooper said. "I'm mystified as to why it should all happen at this particular moment. I just don't understand it. I would hope it would be satisfactorily resolved without the necessity of litigation."

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Equality body loses school race case

A COUNCIL that complied with a mother's request to transfer her white daughter from a school where 60 per cent of the pupils were Asian pupils to one where 98 per cent were white was not guilty of race discrimination, the High Court decided yesterday, Andrew Adams writes.

The court turned down a request from the Commission for Racial Equality for judicial review of Cleveland County Council's action.

The commission had argued that the council was in breach of the 1976 Race Relations Act in agreeing to the request.

Mr Justice Macpherson said he did not consider the mother's motives to be racist. They had stemmed from concern that her five-year-old child should learn to read, write and speak in her own language before learning Hindi.

Even had the motives been racist, the council would have been obliged to comply with the request under the 1980 Education Act.

Partnership call for careers service

THE GOVERNMENT is urging local education authorities and training and enterprise councils (Tecs) to form voluntary partnerships for the provision of the school careers service.

It had proposed legislation to put the service under the direct management of Tecs, or for it to be contracted out to the private sector.

The Employment Department said: "Government hopes voluntary partnerships will be set up because this is better than compulsion."

MP for trial on corruption charges

MR HARRY GREENWAY, the Conservative MP for Ealing North, and three other men were yesterday sent for trial at the Old Bailey, London, on corruption charges involving British Rail contracts.

Mr Greenway faces seven charges. They involve allegedly corruptly accepting gifts from Mr Norbert Jurasek, Mr Michael John Brooks and Plasser Railway Machinery GB.

The other three accused are Mr Brooks, Plasser company secretary, of Ringwood, Hants; Mr Jurasek, managing director of Plasser's British subsidiary of Wargrave, Berkshire; and Mr David Stewart Currie, of Penn, Bucks, a former BR director of civil engineering.

Case postponed

JUDGMENT has been postponed to Monday in the High Court case in which London is challenging the refusal by Mr Nicholas Ridley, the former trade secretary, to seek the disqualification of the Fayed brothers as company directors.

New-town sales

THE Commission for New Towns, set up to sell the development corporations' assets, yesterday announced that it sold £18m worth of commercial and industrial property in 19 former new towns in the year to March 31.

Ripa di Meana's hit list totals £5.5bn

By Andrew Taylor and John Hunt

THE SEVEN construction projects that the European Commission demanded halted cover a range of developments in both the public and private sectors, from motorways to a soft-drinks factory.

Mr Carlo Ripa di Meana, the environment commissioner, says the developments fall foul of regulations that require an environmental impact study to be submitted before approval.

The developments include some of Britain's largest and most environmentally controversial road and rail schemes, involving expenditure of more than £5.5bn. Construction work has yet to begin on many of the projects. The seven are:

- The proposed high-speed rail link connecting the Channel tunnel to King's Cross Station in London. Two weeks ago the government announced that the route for the £4.5bn project would approach King's Cross from the east rather

than through south London. The commission is understood to be concerned about the impact of the new terminal at King's Cross, rather than about the route, construction of which is not expected to start for several years.

- The East London River Crossing, a box-girder bridge that will cross the Thames between Beckton and Greenwich, was approved by government ministers last month. The cost of the project, including approach roads, is £200m at 1989 prices. The southern approach will pass through part of the 8,000-year-old Orléans Wood and has been strongly opposed by local residents and environmentalists.

- A £36m (1987 prices) extension of the M3 motorway near Winchester, which will bisect Twyford Down, an area of outstanding beauty and historical interest. The construction of a cutting through Twyford Down

was unsuccessfully opposed in the British courts. No contracts have been let for the extension, which was approved in July 1988. An archaeological dig, due to be completed by the spring, started in May.

- A £239m extension of the M11 motorway to the Black wall tunnel under the Thames. The project, which was approved in March last year, will require the demolition of 270 homes. The Department of Transport has already acquired 200 of those. No construction contracts have been let.

- A £300m extension to BP's gas separation plant at Kinnell on the Firth of Forth. Work started earlier this year, is due to be completed by late 1993. BP said it had prepared an environmental impact study. That was not submitted, as it was not required under British law and was not requested by planning authorities.

- A £10m soft-drinks and can

manufacturing facility for a joint venture between Coca-Cola and Schweppes at Brackmills, Northampton. The project received planning permission last October.

Since then, the company has submitted a new planning application reducing the height of one of the buildings. The companies said they had carried out a full environmental assessment before receiving the original planning permission.

- An £800,000 incinerator to dispose of clinical waste at South Warwick Hospital, West Midlands. The result of a public inquiry has yet to be announced. The hospital said it was advised by the Department of the Environment that an environmental assessment study was not needed, as clinical waste was not covered by the EC directive. Since then, the EC regulations have been amended to include it.

The districts say their plan for 27 unitary authorities would save at least £50m a year through the elimination of overlapping financial, legal, personnel and other support services, and through unifying services such as planning, highways and economic development.

They claim that reorganisation along those lines would not only produce a more efficient service, but also bring about a "higher quality of local democracy".

Welsh seek changes to proposals on councils

By Anthony Moreton, Welsh Correspondent

WELSH district councils have urged the government to set up seven more unitary authorities than are proposed for the reorganisation of local government.

Mr David Hunt, Welsh secretary, has suggested that the eight counties and 37 districts should be reorganised into about 20 all-purpose authorities.

The counties have strongly criticised the proposal, but have still to put forward an alternative framework.

Under the plan put forward by the Council of Welsh Districts, the three main towns - Cardiff, Swansea and Newport - would return to unitary status along with Wrexham Maelor, the fourth large town.

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Rail troubles to continue

COMMUTERS on "inadequate" and congested trains from the Kent coast into London cannot expect any significant improvement before 1995, Mr Roger Freeman, transport minister, told the Commons yesterday, Ivor Owen writes.

Mr Roger Gale (C Thanet North) protested that the closure of Cannon Street station for improvements had been extended for an indefinite period, after being prolonged to 12 weeks. Some companies were not offering jobs to people who used Cannon St, as they knew their time-keeping would be unreliable.

Crime-joblessness link is disputed

By Ivor Owen, Parliamentary Correspondent

CLAIMS BY opposition MPs that rising unemployment is one of the principal causes of the increase in crime were disputed by Mr Kenneth Baker, the home secretary, in the Commons yesterday.

"I do not think you can make a simplistic connection between the two," he said.

Mr Baker, opening a debate on policing in London, emphasised that people in jobs were responsible for a large number of crimes.

Mr Roy Hattersley, shadow home secretary, argued that there was a clear correlation between unemployment and crime: "When unemployment goes up, crime goes up, and when unemployment comes down, crime comes down."

Mr Hattersley accused Mr Baker of showing very little understanding of "an obvious fact" and pressed for action to tackle the causes as well as the symptoms of crime.

He insisted that it was impossible for any holder of the office of home secretary to be the police authority for London, and reaffirmed that a Labour government would establish an elected author-

ity for the Metropolitan Police. The authority would not control police operations, but ensure that the force was sensitive to the wishes of the population it served.

Mr Hattersley also restated Labour's intention to impose a statutory duty on all local authorities to introduce crime prevention programmes.

Mr Ron Leighton (Lab Newham North-East), chairman of the cross-party employment committee, said government policies had widened the gap between the poor and the affluent and created an underclass "with little to lose by committing crime". Crime increased most where employment collapsed, and the thing that surprised him about the riots in the summer was that there had not been more of them.

Mr Terry Dicks (C Hayes and Harlington) criticised "soft policing". He said sections of Mr Baker's speech had sounded like a sociology lecture at a second-rate polytechnic.

He attacked those who, like the archbishop of Canterbury, Dr George Carey, linked riots to deprivation.

Judge warns of legal supremacy of Europe

By Robert Rice, Legal Correspondent, in Brussels

SIR GORDON SLYNN, the British judge at the European Court in Luxembourg, warned the government yesterday that it would have to comply with European law if found to be in breach of the European Commission's directive on environmental assessment.

Sir Gordon said that if the commission had made a valid directive over the halting of the seven construction projects, the European Court would be bound to rule that it overrode any decision by the British government.

Reaffirming the supremacy of European law over national law, Sir Gordon said: "It's plain as a pikestaff. I'm in agreement with saying no more surrender of sovereignty, but you cannot say no surrender of sovereignty. It's gone."

Speaking after addressing the Law Society's annual conference in Brussels, Sir Gordon said the original decision that European law must take precedence over national law was "revolutionary".

He added: "It now seems trite. It's obvious that if you are going to have a com-

nity, then national laws may have to yield."

Britain has two months to reply to the letter from the environment commissioner. If agreement cannot be reached, the matter may be taken to the European Court.

At issue is not just the question of supremacy of European law, but also whether the directive has a retrospective effect on planning applications lodged before its implementation in the UK in 1988, and if it applies to projects adopted by national legislation.

Sir Gordon - who will become a law lord in February next year - said he would not attempt to impose principles of European law on British courts, but there were some procedures that could usefully be adopted. There might be room for restricting the length of oral argument in court, for example.

He warned, however, that the European Court was not an ideal model. Delays in getting cases before the court had now reached two years and were increasing. The workload was becoming unmanageable.

Court frees auditors to release documents



THE High Court yesterday issued a ruling making Price Waterhouse, the accountancy firm, free to comply with official requests from the Bank of England and the Serious Fraud Office for information about the financial affairs of the collapsed Bank of Credit and Commerce International.

The court will give a further ruling on Monday on the extent to which Price Waterhouse is free to co-operate with a request for information from the Bingham Inquiry. The inquiry was set up by the chancellor and the Bank last July to investigate the supervision of BCCI and whether the UK authorities' action was appropriate and timely.

From June 1987, Price Waterhouse acted as auditor to BCCI. It was also part of an investigating committee set up last October to report on troublesome loans made by companies in the BCCI group. Price Waterhouse was also commissioned to report on BCCI to the Bank.

Price Waterhouse applied to the High Court for a ruling on the proper course of action that it should take when it found itself "in a dilemma" between its duty of confidentiality towards BCCI and its wish to co-operate with the authorities.

The case concerned only documents that came into existence for the purpose of the investigating committee and which BCCI and its provisional liquidators claimed were therefore subject to legal professional privilege.

After a seven-day hearing, Mr Justice Millett granted Price Waterhouse a declaration that it was not precluded from complying with notices served on it under the Banking Act 1987 and the Criminal Justice Act 1987 in the face of "privilege" claims by BCCI and Mr Christopher Morris and Mr Brian Stanbury, its provisional liquidators.

The judge said Price Waterhouse had already complied with notices served by the Bank and the SFO in July and August. Further notices had been served by the SFO this month and more are expected from the Bank.

Ps body in
NHS trust

KLAUS LUDWIG, MERCEDES DRIVER, AUTOSPORT, 3RD OCTOBER 1991.

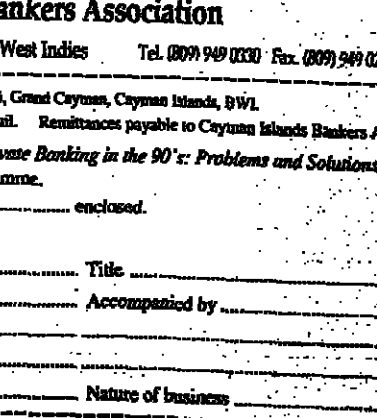
442 bhp, V8s came home in the first four places. So our condolences to Herr Ludwig, but next year we suggest he puts his foot down. And insists on driving an Audi V8.

VORSPRUNG DURCH TECHNIK.



1991 GERMAN TOURING CAR CHAMPIONS

Talks are not cheap



INTERNATIONAL COMPANIES AND FINANCE

KLM and British Airways open co-operation talks

By Paul Abraham

KLM Royal Dutch Airlines has started negotiations with British Airways, it announced yesterday. The Dutch carrier said it was discussing a range of possible areas of collaboration, but gave no further details.

The announcement follows a television report in the Netherlands that the two groups were considering a full merger.

KLM's shares have been heavily traded in recent days, and the airline may have been forced to make the announcement by the Amsterdam Stock Exchange, suggest industry sources.

BA refused to comment on a possible deal between the groups. However, a deal with KLM would fit into the stated policy of Lord King, BA's

chairman, to create a global airline. Links between the two companies could create the world's largest cargo carrier, and would offer the two companies further access to Schiphol and Heathrow airports, two of Europe's busiest hubs.

KLM also owns 20 per cent of Northwest Airlines, the loss-making Minneapolis carrier with which BA has been reported to be holding strategic talks. Northwest is one of the last significant US carriers that does not directly compete with BA. It would be able to feed traffic from its domestic hub-and-spoke networks and provide access to its Pacific routes.

Analysts played down the talks last night, pointing out

that BA had been in a series of similar negotiations with United Airlines of the US as well as Sabena, the Belgian carrier. All had failed. KLM said it was impossible to say what the outcome of the discussions might be.

Further announcements would be made as soon as developments warranted them, said the company.

Any close association would have to be cleared by the European Commission, which earlier this year barred a joint venture between BA, KLM and Sabena.

BA's shares closed down 1p at 208p. KLM closed, after heavy trading, up 90 cents at F138.6, off an early high of F139.6. *Lex. Page 22*

Quarterly loss likely at Chiquita Brands

By Nikki Tait in New York

SHARES in Chiquita Brands, the Cincinnati-based food group and the world leader in sourcing and distribution of bananas, fell sharply yesterday morning after the group announced it was likely to make a third-quarter loss.

However, they rallied somewhat when Chiquita, which earlier this year expressed interest in buying the Del Monte business of Britain's Polly Peck, confirmed that it still expected to meet analysts' expectations of earnings per share of \$2.50 for the year overall. Chiquita said the third-quarter loss should be between 1 cent and 9 cents, or around \$4m at the upper end.

The company offered no explanation for the deficit, but pointed out that it makes the bulk of its profits in the first six months of the year. Analysts had predicted a break-even position in the second half. Mid-morning Chiquita's shares were trading down \$2, at \$40.

Meanwhile, at Kellogg, the large Michigan-based food group, there was news of a modest 6.2 per cent profit improvement in the third quarter, at \$17.4m after tax. Sales were 11.4 per cent higher at \$1.51bn.

The company warned that "extremely competitive conditions, particularly in the US, necessitated an increased investment in marketing". It said there would be a further increase in the fourth quarter.

Kellogg has been under intense pressure in the domestic cereals market from private label competitors and General Mills, its big US rival, although its international operations have tended to fare better.

The company also announced yesterday that its chairman and chief executive, Mr William LaMothe, planned to retire at the end of December. He will be 65 this month. Mr LaMothe will be replaced by Mr Arnold Langbe, who is currently the company's chief operating officer.

Hewlett plans charge for staff cuts

By Louise Kehoe in San Francisco

HEWLETT-PACKARD, the US computer manufacturer, will take a charge of 40 cents a share in the current quarter to cover costs of a voluntary severance programme under which nearly 3,000 people have left the company.

Analysts estimate that the charge will total around \$160m before tax. Previously, HP had projected a charge of 15 to 20 cents per share.

HP's cost-cutting moves mirror those of other leading US computer manufacturers, including International Business Machines and Digital Equipment. Both are reducing employment through voluntary schemes.

Comer Peripherals, the lead-

ing supplier of disk drives to the computer industry, this week laid off 800 people, or about 8 per cent of its workforce. The move affects plants in California, Singapore and Ireland.

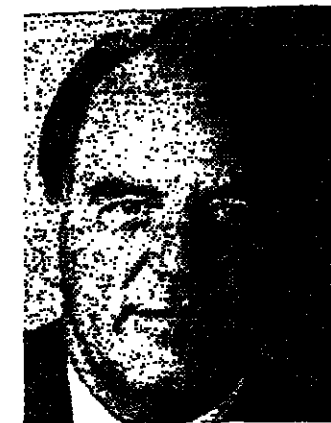
HP said yesterday more employees than expected had accepted voluntary redundancy, and charges would also cover costs of consolidating its facilities, relocations and related expenses.

With fewer people and improved productivity, the company, headed by chief executive Mr John Young (pictured), has also reduced space requirements. "The savings during fiscal 1992 from these initiatives will more than off-

set their cost in this fourth quarter, and we'll continue to see these benefits over the longer term," said Mr Robert Wayman, chief financial officer.

Some 2,850 US employees accepted the incentives to leave the company, and additional employees will be leaving as a result of smaller programmes outside the US. Those departing represent some 3 per cent of HP's \$1,300 worldwide workforce.

HP has been consolidating the administrative activities of its sales force and reducing the facilities required to house them. The moves are part of a plan to cut field-selling costs and respond to the increasing portion of HP's computer sales



made through third-party distribution channels.

Christiania warns on equity

By Karen Fossil in Oslo

CHRISTIANIA Bank, Norway's second biggest bank, warned that it needs between Nkr5bn and Nkr6bn (\$900m) in new core capital to meet the 8 per cent capital adequacy required by Norwegian law in 1992.

Trading in the bank's shares was suspended on the Oslo bourse on Monday because Christiania said it had lost its equity, including preference capital, and that it faced technical insolvency.

On Thursday, the Norwegian government announced a Nkr1.5bn package of measures designed to prop up the

country's ailing bank sector. Some Nkr5bn of this will be allocated to the state-operated bank insurance fund, which has about Nkr2.5bn in capital after supporting two earlier bank rescues.

Christiania reported an operating loss of Nkr1.7bn for the third quarter of this year. It estimated that operating losses for the first nine months would reach Nkr7.2bn, after provisions for credit losses and loan losses reserves known as the *enloek* fund.

By comparison, in the first eight months of 1990 the

bank reported a net loss of Nkr123m.

Credit-loss provisions for the third quarter were put at Nkr1.9bn, bringing actual and estimated losses on loans and guarantees by September 30 to Nkr3.8bn.

The bank blamed the high loan losses during the quarter on changes in accounting principles relating to loan losses and provisions for future loan losses, a review of loss-exposed and non-performing loans, and an increase in the loss provisions relating to a few larger non-performing loans.

Christiania's parent, the state-owned Christiania Bank, said it would restrict competition in the growing EC market for sanitary protection products.

The original deal - suspended by the Commission last November - would have involved partitioning the Ecu5.5bn (\$6.6bn) EC market. Joint ventures in Italy, Portugal and Spain would have manufactured and sold products to southern member states, while Procter & Gamble would have concentrated on the north.

Final plans were agreed not to sell its US supplies subsidiary, Swaddlers, to Procter & Gamble, and the Commission has insisted that the southern joint ventures should be able to produce and market their prod-

Parents asked to change European nappy deal

By Andrew Hill in Brussels

PROCTER & Gamble, proud US parent to a nappies joint venture with the Italian group Finaf, has been asked to change the dispers agreement it signed more than a year ago. The European Commission has found it would restrict competition in the growing EC market for sanitary protection products.

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ucts all over the EC, fixing prices and sales conditions "as they see fit". At the same time, customers in Italy, Spain and Portugal will be able to buy from Procter & Gamble companies in the north.

The parenthood of the Spanish and Portuguese joint ventures has also been clarified. Instead of the new companies being jointly managed, Procter & Gamble and Finaf will take it in turns to look after their new offspring in Spain and Portugal. Only the most important decisions will be taken by both parents.

Baby nappies absorb about Ecu3bn of the EC sanitary products market, with a further Ecu1.2bn taken by sales of sanitary towels. The fastest growing sector, according to the Commission, is adult incontinence products, on which the Community currently spends some Ecu500m a year.

Banco di Napoli sets offer price

By Martin Dickson in New York

BANCO di Napoli has fixed the price of its previously announced offer of 100m ordinary shares at L4,000 per share. The offer begins on November 16, agencies report.

The bank also reported first-half operating profits up 20.1 per cent at L304.8m (\$240.5m).

Of the new share issue, 25m are to be offered abroad, with the rest being offered to shareholders on a one-for-five basis.

General Dynamics' profits edge higher

By Martin Dickson in New York

GENERAL Dynamics, the second largest US defence group, yesterday reported third-quarter earnings of \$64m from continuing operations, up \$4m from the same period of 1990.

The figures, which worked through at \$1.53 a share, up from \$1.44, did not include Cessna Aircraft, the manufacturer of business jets, which General Dynamics said on

Thursday, is being divested. Sales were \$2.1bn, down from \$2.3bn, including divested businesses, earnings totalled \$71m.

General Dynamics, under its new chairman, Mr William Anders, is shrinking to cope with a downturn in US defence spending during the 1990s. Mr Anders said yesterday: "The new, business-like approach we have put into place is resulting in increased returns and

improved cash-flow on our existing businesses."

He said the company's cash balance at the end of the third quarter was \$600m, which reflected the priority being placed on better management of operating assets, and he forecast a balance of \$600m to \$600m at the end of the year.

The backlog of funded orders rose to \$1.7bn from \$1.6bn at the end of the second quarter.

Heavy deficit at Texas Instruments

By Louise Kehoe

TEXAS Instruments, the US semiconductor and electronics manufacturer, reported heavy losses for its third quarter. The losses stem in part from a \$55m charge to cover the costs of a voluntary redundancy programme for US employees.

The company announced plans to begin an "aggressive" programme of layoffs to reduce costs and streamline international operations.

Revenues for the third quarter were \$1.68bn, compared with \$1.68bn in the same period last year. Losses for the quarter totalled \$133m, or \$1.45 per share, against a loss of \$7m, or 19 cents, in the third quarter of 1990.

TI's plans for 1991 were based on projections of strengthening of the world semiconductor market in the second half of the year, supported by an increase in computer demand, said Mr Jerry Junkins, TI chairman, president and chief executive.

"However, the major electronic end-equipment markets, particularly computers, remain weak, and we now expect world semiconductor market growth in 1991 to be less than we projected."

In view of continuing market weakness, TI planned to further reduce employment with layoffs, primarily in its international operations, Mr Junkins said.

For the first nine months of 1991, TI reported revenues of \$5.03bn, up 5 per cent from the same period last year. Net losses for the first three quarters were \$324m, compared with net income of \$71m.

Results for the first nine months of 1991 include pre-tax charges of \$185m. Results for the 1990 period include a pre-tax gain of around \$15m from the sale of a photomask operation.

South African retailers unveil R89.1m link-up

By Martin Dickson in New York

A DEAL between three South African groups is set to create the country's biggest mass-market retailer, with a turnover of R7bn (\$2.5bn), writes Philip Gawth in Johannesburg. Pepkor will pay R89.1m for a 50 per cent stake in Tradehold and a 32 per cent direct stake in Cashbuild.

The terms of the deal were announced yesterday after agreement in principle was reached last month. The vendor is Sankorp, the industrial arm of the Sanlam insurance group.

Tradehold controls Tradegro, whose principal assets include the Checkers supermarket chain, with about 170 outlets and a turnover of R3.5bn; Greeters department stores; Conroxy, and cash assets of about R1.5bn following a recent R61.3m rights issue.

Successive Checkers managements have failed to make it consistently profitable, and achieving a turnaround here is Pepkor's main task.

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WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	\$360.0	+1.95	\$372.5	\$392.25	\$353.65
Silver per troy oz.	239.50	+2.5	216.75	290.55	183.35
Aluminium 99.7% (cash)	\$1200.5	+8.0	\$1187.5	\$1170	\$1069.5
Copper Grade A (cash)	\$1382.5	+15.0	\$1365	\$1472	\$1244.0
Lead (cash)	\$204.25	+1.75	\$204.5	\$209.5	\$192.5
Nickel (cash)	\$737.5	+125.0	\$652.5	\$823.75	\$737.5
Cocoa (US futures)	\$398.5	-3.0	\$1377.5	\$1430	\$398.50
Tin (cash)	\$3592.5	+25.0	\$3592.5	\$3592.5	\$3592.5
Zinc (cash)	\$275	-27	\$275	\$275	\$275
Barley (US futures)	\$216.4	+0.75	\$216.4	\$216.4	\$216.4
Sugar (LDP futures)	\$257.8	-0.35	\$117.75	\$121.50	\$107.75
Wheat (US futures)	\$122.10	-0.30	\$118.55	\$141.10	\$111.80
Cotton (US futures)	\$7.70	+0.70	\$1.75	\$8.25	\$7.70
Wool (US futures)	\$247.0	+12	\$247.0	\$247.0	\$247.0
Oil (Brent futures)	\$22.55	+0.675	\$32.15	\$26.15	\$16.75

Per tonne unless otherwise stated. *Unquoted, p.m. prices. c, cents; b, bps; d, dms.

London Markets

SPOT MARKETS	Latest prices	Change on week	Year ago	High 1991	Low 1991
Crude oil (per barrel FOB)	22.00	+0.15	21.85	22.00	21.85
Dubai	21.80	+0.10	21.70	21.80	21.70
Brent Blend (dated)	22.00	+0.15	21.85	22.00	21.85
Brent Blend (Dec)	22.00	+0.15	21.85	22.00	21.85
WTI, 1st oil	22.00	+0.15	21.85	22.00	21.85

Oil products (NWE prompt delivery per tonne CIF) 22.00 | +0.15 | 21.85 | 22.00 | 21.85 |

Premium Gasoline 22.00 | +0.15 | 21.85 | 22.00 | 21.85 |

Gas Oil 22.00 | +0.15 | 21.85 | 22.00 | 21.85 |

Heavy Fuel Oil 22.00 | +0.15 | 21.85 | 22.00 | 21.85 |

Naphtha 22.00 | +0.15 | 21.85 | 22.00 | 21.85 |

Petroleum Argus Estimates 22.00 | +0.15 | 21.85 | 22.00 | 21.85 |

Other 22.00 | +0.15 | 21.85 | 22.00 | 21.85 |

Gold (per troy oz.) 360.0 | +1.95 | 372.5 | 392.25 | 353.65 |

Silver (per troy oz.) 239.50 | +2.5 | 216.75 | 290.55 | 183.35 |

Aluminium (per troy oz.) 1200.5 | +8.0 | 1187.5 | 1170 | 1069.5 |

Platinum (per troy oz.) 360.0 | +1.95 | 372.5 | 392.25 | 353.65 |

Palladium (per troy oz.) 360.0 | +1.95 | 372.5 | 392.25 | 353.65 |

Copper (US Producer) 118.5 | +0.72 | 118.5 | 118.5 | 118.5 |

Lead (US Producer) 37.60 | +0.05 | 37.60 | 37.60 | 37.60 |

Tin (Kuala Lumpur market) 14.94 | +0.02 | 14.94 | 14.94 | 14.94 |

Tin (New York) 259.0 | -1.0 | 259.0 | 259.0 | 259.0 |

Zinc (New York Western) 62.0 | -0.2 | 62.0 | 62.0 | 62.0 |

Cattle (live weight) 102.94 | -1.37 | 102.94 | 102.94 | 102.94 |

Sheep (dead weight) 107.50 | -0.80 | 107.50 | 107.50 | 107.50 |

Pigs (live weight) 72.80 | +2.19 | 72.80 | 72.80 | 72.80 |

London daily sugar (raw) 228.6 | +0.10 | 228.6 | 228.6 | 228.6 |

London daily sugar (white) 229.0 | +0.10 | 229.0 | 229.0 | 229.0 |

Tale and Lyle export prices 227.5 | -1.0 | 227.5 | 227.5 | 227.5 |

Barley (English lead) 117.0 | -0.05 | 117.0 | 117.0 | 117.0 |

Malta (US No. 3 yellow) 214.00 | -0.05 | 214.00 | 214.00 | 214.00 |

SUGAR - London FPOX (\$ per tonne)

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar lower on US rate talk

THE DOLLAR was lower yesterday as dealers continued to speculate about an early reduction in US interest rates and as the boost given by the recent Group of Seven meeting faded.

Over the past fortnight, there has been a growing body of evidence which suggests that the US is not pulling out of recession. This has encouraged talk about an easing in monetary policy.

But this speculation was interrupted when the G7 finance ministers met in Bangkok. Their communiqué made no mention of the need for the dollar to be lowered and this gave the US currency a boost earlier in the week.

By the close of trade yesterday, however, the dollar had given up all of those gains and was firmly back in the trading range of the last three months.

The Treasury bond market and Wall Street have reacted positively to the hopes of lower rates. But so far there have

been few signs of foreign investors moving into US securities and the dollar has languished.

The Federal Reserve left interest rates unchanged, but market operations, which supported money rates, if the Fed moves, it is expected to lower the Fed funds rate by 1/4 point to 5 per cent.

The dollar closed lower at DM1.6885 from DM1.7035; at SF1.4755 from SF1.4885; at Y29.75 from Y29.80; and at FF5.75 from FF5.80.

The yen was weaker after Mr. Kiichi Miyazawa, the former Japanese finance minister who is being widely mentioned as the next prime minister, said that the Japanese economy "is in bad shape".

The yen fell against the mark amid growing speculation that Japanese interest rates will soon be cut. The D-Mark closed at Y76.81 from Y76.21.

However, the yen remained broadly steady against the dol-

lar following the decision at the G7 meeting to lower the dollar/yen rate to curb Japan's growing trade surplus with the US.

Sterling was steady after the latest batch of weak monetary data failed to revive talk about a cut in UK interest rates. The Bank of England's intervention last week at DM2.90 has provided support for the pound.

Sterling closed unchanged at DM2.9125; at SF2.5450; and rose to Y232.75 from Y232.00; and to FF5.75 from FF5.80.

Within the ERM, the Spanish peseta remained at the top of the grid following the indications earlier in the week from the Bank of Spain that inflation would continue to fall in the coming months.

The French franc was at the bottom of the system following the 1/2 point reduction in interest rates. The franc was steady against the D-Mark, on relief that it was not a 1/4 point cut.

STERLING INDEX

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

CURRENCY MOVEMENTS

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

CURRENCY RATES

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

OTHER CURRENCIES

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

FORWARD RATES

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

MONEY MARKETS

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

STABLE UK RATES

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
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100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
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1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

FINANCIAL FUTURES AND OPTIONS

LIVE LINE ON FUTURES OPTIONS

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

LIVE LINE ON FUTURES OPTIONS

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
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LIVE LINE ON FUTURES OPTIONS

	Oct 18	Oct 19	Oct 20
100 = 1980-1982	100.00	100.00	100.00
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1985-1986	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00

LIVE LINE ON FUTURES OPTIONS

LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from the Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are as at which the business was done on the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tailsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 55(2) and Third Market Stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

* Bargains at special prices. * Bargains done the previous day.

British Funds, etc

No. of bargains included 1851

Exchange 100% S&P 2000 - £104.5

Guaranteed Export Finance Corp PLC

12% Gdn Ln S&P 2000 - £115.5

10% (1990/91)

Corporation and County

Stocks No. of bargains included 1

Greater London Council 6% S&P 2000 - £104.5

10% (1990/91)

Manchester City Council 11% S&P 2000 - £104.5

10% (1990/91)

Wigan Council 3% S&P 2000 - £104.5

10% (1990/91)

UK Public Bonds

No. of bargains included 1

Agencourt Mortgage Corp PLC 6% Deb

S&P 2000 - £104.5

7% Deb S&P 2000 - £104.5

10% Deb S&P 2000 - £104.5

12% Deb S&P 2000 - £104.5

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Int'l Clasps	Cash Price	50¢ Price	Offer + or Price -	Yield or %
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Orange County	141.0	141.0	150.0	+7	0.0
Portland	95.00	94.80	103.9	+9.1	1.0
Tempe/Casa Grande	176.0	170.0	171.0	+1.0	0.0
U.S. Savings	26.26	37.49	60.73	+23.47	0.0
U.S. Smallcap S&P	79.44	77.86	87.1	+9.25	2.0
Stamps: Museum & F	50.44	55.42	56.95	+1.51	3.1
Bell Court Fund Ninth PLC (1400F)					
1111 Broadway St. London EC2M 2LS			071-374 2623/4		
UK & European	5676.00	570.00	6210.00	+540.00	1.32
					1.17

	1979	1980	1981	1982	1983
Latin America	179.79	180.00	181.29	182.58	183.87
Asia & Oceania	167.86	177.88	187.90	197.92	207.94
Europe	155.92	165.94	175.96	185.98	195.99
North America	143.98	153.99	163.99	173.99	183.99
World	131.94	141.95	151.95	161.95	171.95
Developing Countries	119.90	129.91	139.91	149.91	159.91
Developed Countries	109.90	119.91	129.91	139.91	149.91
Asia & Pacific	97.96	107.97	117.97	127.97	137.97
Europe & Africa	85.92	95.93	105.93	115.93	125.93
Latin America	73.88	83.89	93.89	103.89	113.89
North America	61.84	71.85	81.85	91.85	101.85
World	49.80	59.81	69.81	79.81	89.81
Developing Countries	37.76	47.77	57.77	67.77	77.77
Developed Countries	25.72	35.73	45.73	55.73	65.73
Asia & Pacific	15.68	25.69	35.69	45.69	55.69
Europe & Africa	13.64	23.65	33.65	43.65	53.65
Latin America	11.60	21.61	31.61	41.61	51.61
North America	9.56	19.57	29.57	39.57	49.57
World	8.32	18.33	28.33	38.33	48.33
Developing Countries	7.08	17.09	27.09	37.09	47.09
Developed Countries	6.04	16.05	26.05	36.05	46.05
Asia & Pacific	5.00	15.01	25.01	35.01	45.01
Europe & Africa	4.00	14.01	24.01	34.01	44.01
Latin America	3.00	13.01	23.01	33.01	43.01
North America	2.00	12.01	22.01	32.01	42.01
World	1.00	11.01	21.01	31.01	41.01
Developing Countries	0.50	10.51	20.51	30.51	40.51
Developed Countries	0.50	10.01	19.51	29.51	39.51
Asia & Pacific	0.50	9.51	19.01	29.01	39.01
Europe & Africa	0.50	9.01	18.51	28.51	38.51
Latin America	0.50	8.51	18.01	28.01	38.01
North America	0.50	8.01	17.51	27.51	37.51
World	0.50	7.51	17.01	27.01	37.01
Developing Countries	0.50	7.01	16.51	26.51	36.51
Developed Countries	0.50	6.51	16.01	26.01	36.01
Asia & Pacific	0.50	6.01	15.51	25.51	35.51
Europe & Africa	0.50	5.51	15.01	25.01	35.01
Latin America	0.50	5.01	14.51	24.51	34.51
North America	0.50	4.51	14.01	24.01	34.01
World	0.50	4.01	13.51	23.51	33.51
Developing Countries	0.50	3.51	13.01	23.01	33.01
Developed Countries	0.50	3.01	12.51	22.51	32.51
Asia & Pacific	0.50	2.51	12.01	22.01	32.01
Europe & Africa	0.50	2.01	11.51	21.51	31.51
Latin America	0.50	1.51	11.01	21.01	31.01
North America	0.50	1.01	10.51	20.51	30.51
World	0.50	0.51	10.01	20.01	30.01
Developing Countries	0.50	0.01	9.51	19.51	29.51
Developed Countries	0.50	0.01	9.01	19.01	29.01
Asia & Pacific	0.50	0.01	8.51	18.51	28.51
Europe & Africa	0.50	0.01	8.01	18.01	28.01
Latin America	0.50	0.01	7.51	17.51	27.51
North America	0.50	0.01	7.01	17.01	27.01
World	0.50	0.01	6.51	16.51	26.51
Developing Countries	0.50	0.01	6.01	16.01	26.01
Developed Countries	0.50	0.01	5.51	15.51	25.51
Asia & Pacific	0.50	0.01	5.01	15.01	25.01
Europe & Africa	0.50	0.01	4.51	14.51	24.51
Latin America	0.50	0.01	4.01	14.01	24.01
North America	0.50	0.01	3.51	13.51	23.51
World	0.50	0.01	3.01	13.01	23.01
Developing Countries	0.50	0.01	2.51	12.51	22.51
Developed Countries	0.50	0.01	2.01	12.01	22.01
Asia & Pacific	0.50	0.01	1.51	11.51	21.51

Head Armer Dist.	1,02.00	1,00.01	1,02.14	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.17	1,01.1
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The symbol designates the individual test hour range. The symbols are as follows: (P) - 0001 to 1100 hours; (M) - 1101 to 1400 hours; (A) - 1401 to 1700 hours; (N) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

50 New Zealand of New
51 Managed Forest Service,
52 Life Assurance and Unit Trust
53 Regulatory Organisation,
54 Centre Point,
55 100 New Zealand Street, London W6 6A 100
56 Tel: 071 - 378 - 8444.

[illegible][illegible]

Compiled with the assistance of Lautro §5

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid

price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent obtained by the producers.

SCHEME PARTICULARS AND REPORTS. The most recent report and scheme

TIME: The time shown alongside the fund

Other explanatory notes are contained in the last column of the FT Mardipad Funds Service.

55 Life Appearance and Death Trust Regulatory Organization, Sweden, 1992

prices are set on the basis of the minimum
port; a short period of time may elapse before
prices become available.

FLAND

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

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MADMANED FUNDS NOTES

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S Funds not SICR recommended. The regulatory authorities have advised that the following funds do not meet anti-money laundering criteria set by the Financial Services Commission, Ireland Central Bank of Ireland, Isle of Man, Financial Supervision Commission, Jersey Commission, Gibraltar Finance Authority, Luxembourg, Belgium Monetary Luxembourg.

October 18	Kroner. + 2r
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WORLD STOCK MARKETS

AMERICA

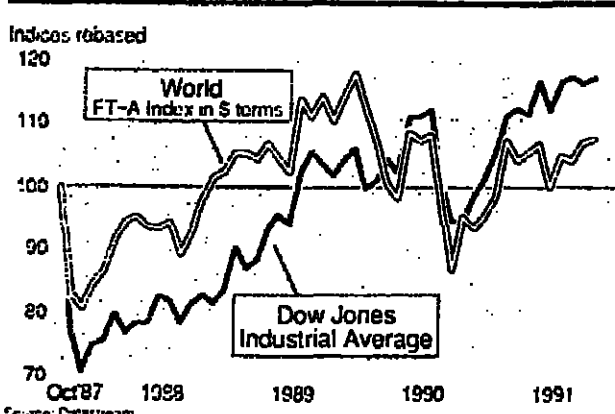
Dow approaches record on recovery in bonds

Wall Street

THE DOW Jones Industrial Average flirted with a new high yesterday morning as investors bought stock in the wake of a recovery in bond prices and a subsequent drop in long-term interest rates, writes Patrick Harverson in New York.

By 1 pm the Dow Jones Industrial Average was up 12.86 at 3,066.86, just past its previous closing high of 3,061.72, set on Wednesday. The more broadly based Standard & Poor's 500 was only slightly firmer, up 0.34 at 392.30 at 1 pm, while the Nasdaq composite of over-the-counter stocks added 2.26 at 538.53. Turnover on the NYSE was 118m shares by 1 pm.

The recovery after Thursday's worrying consumer prices data was indicative, if unspectacular, with share prices advancing in modest steps throughout the morning.



Indices rebounded

A set of weak housing start numbers for September failed to unsettle the market, which drew most of its strength from the sharp rally in bond prices.

On Thursday the 30-year long bond fell over 1½ points, but yesterday it bounced back to start a full point higher, at 102½, in the process bringing long-term yields back down through 8 per cent to 7.94 per cent.

Among individual stocks, Reebok fell further in the wake of a concern about future earnings, especially for sales of its most popular product, the Pump shoe. The shares dropped 8½ to \$29½, on turnover of 1.8m, unsupported by a recommenda-

tion from Shearson Lehman Brothers, the broking house, which believes the stock to be good value at current levels. Shearson also favours Nike as an investment, a view which helped Nike add 8½ to \$54½.

Owens-Corning plunged 7½, or more than 20 per cent, to \$25½, on turnover of 1.9m shares, after the company reported a third quarter profit of 64 cents a share, well down on the 83 cents a share made a year ago, which included a charge against earnings.

Kellogg fell 3½ to \$108½, after the company announced plans for a two-for-one stock split. Hewlett-Packard edged up 1½ to \$109½, on turnover of 1.2m shares, after the company reported a third quarter profit of 64 cents a share, well down on the 83 cents a share made a year ago, which included a charge against earnings.

On the over-the-counter market, Apple Computer climbed 3½ to \$55½, after reporting net income for the fourth quarter ended September of 67 cents a share. News of a rise in

third quarter profit to 34 cents a share failed to lift Amgen, which fell 1½ to \$61 on turnover of 2.2m shares.

Canada

TORONTO stocks rose for the sixth consecutive session as buy orders came in. At midday, the TSE-300 composite index rose 9.6 to 3,475.8. Advancing issues led declines by 282 to 144 on volume of 15.18m shares valued at C\$207.7m.

Laidlaw class B shares continued to nosedive, losing C\$1½ to C\$10½. Midland Walwyn placed a sell on the company's stock and dropped its 1992 earnings estimates.

Many other brokers have done likewise following the company's poor fourth quarter results on Wednesday and an analysts' meeting on Thursday. Laidlaw's fall pulled the transportation index down by 30 or 6.5 per cent to 4,728.

Alex rose ½ to 24½ and Noranda firmed ¼ to 18½.

US dealers aim to win business from overseas

Patrick Harverson reports on Nasdaq International

AFTER AN 18-month wait, the National Association of Securities Dealers (NASD) has finally won approval from the Securities and Exchange Commission (SEC) for its early-hours trading system.

Called Nasdaq International, it will allow investors on both sides of the Atlantic to trade US stocks before New York opens. Investors will be able to buy and sell stocks through the Nasdaq computer network from market-makers quoting firm prices.

Trading should begin in January when the NASD hopes a handful of securities houses in the US and Europe will make markets in stocks listed over-the-counter in the US, as well as some listed on the New York Stock Exchange (NYSE) and the American Stock Exchange. The trading session will run from 3.30 am to 9 am, New York time, which will coincide with the peak of trading in Europe.

The system aims to pick up some of the business conducted overseas by US institutions. In recent years they have been trading US stocks on the London Stock Exchange's Seaq International system.

By trading US stocks listed in London, US institutions have sought to gain an edge, either by completing computerised program trades started in New York the previous day, or by being the first to react to important news that breaks when New York is closed.

Although this extrajurisdictional trading is relatively small, the NASD believes it is worth chasing.

The NASD first proposed early-morning trading a year and a half ago, but approval was held up by doubts among the regulatory authorities about the lack of disclosure requirements for users of Nasdaq International.

In order to compete with London's more relaxed reporting requirements, which provide anonymity for traders, the NASD designed its own reporting rules to match those on Seaq International, where details about the size and price of stock bargains do not have to be disclosed during trading.

But the SEC did not like the idea of US stocks being traded outside the US under less stringent reporting rules. In an attempt to forge a compromise, the NASD suggested imposing tighter disclosure standards than London's, but loose enough to entice overseas institutions.

The result was a proposal that the high, low, the closing price and the total volume traded of each stock with two or more market-makers would be made public after the close of each session.

This proposal was approved by the SEC last week, but not unanimously. One of the SEC's six commissioners dissented, arguing that it undermined the principle of market transparency, where information about trades is immediately and freely available. This argument, however, was not enough to sway the SEC and its chairman, Mr Richard Breen, who is keen to promote the international competitiveness of US stock markets.

Although the NASD has labelled Nasdaq International the "world's first intercontinental stock market", the system is unlikely to live up to such a glamorous billing in the opening months, and probably years, of trading.

"It will start very, very slowly," says Mr John Wall, NASD executive vice-president, who expects potential users - US and European securities firms - to approach Nasdaq International warily. The idea of early trading and the new technology will take time getting used to, says Mr Wall.

Wall Street traders express similar doubts about how much business Nasdaq International will attract. They expect that few market-making companies will risk their capital to make a firm market in US stocks when there appears to be so little demand for early-hours trading.

This view is supported by the recent experience of Seaq International in London. Its section which allowed US securities firms in London to quote firm prices on a number of US stocks was abandoned earlier this year because turnover was too low. Now, market-makers quote only indicative prices (that is, they do not have to trade at the prices they quote), and business remains light.

There are, however, plenty of actively traded stocks available on Nasdaq International if dealers are willing to make markets in them. For example, there are American Express, Boeing and Philip Morris, which are all listed on the NYSE and included in the Dow Jones Industrial Average.

Nasdaq issues, such as MCI, Apple and Microsoft, should ensure there are enough liquid stocks in the new system to attract investors keen to trade in the early hours.

An advertising campaign by the NASD provides a clue to its ambitions for Nasdaq International. TV and radio commercials boast of how the Nasdaq electronic trading system was used in the 1980s as a model by exchanges overseas when they modernised.

Keen to justify its self-acclaimed status as an innovator, the NASD hopes that by setting up Nasdaq International today, it will have a head start when, in the future, stocks are traded electronically around the world on a 24-hour basis.

EUROPE

Frankfurt forecasts keep investors nervous

MOST BOURSES made modest rises yesterday, while even some of the losers closed near their day's highs, writes Our Markets Staff.

FRANKFURT waited fearfully for Degab, the research arm of the Deutsche Bank, to produce a downgrading of steel sector prospects, following its savage chemicals reappraisal on Wednesday and Commerzbank's similar exercise on car-makers on Thursday.

The steel figures were not forthcoming during market hours, but the downgradings were rumoured to be around 10 per cent. The DAX index hit a day's low of 1,550.71 but closed 1.26 down at the day's high of 1,563.25 on short-covering. It fell 0.3 per cent on the week. The FAZ index, calculated at mid-session, declined 0.3 to 1,585.8, down 1.3 per cent on the week. Volume rose from DM4.3bn to DM4.4bn.

Dresdner Bank's Mr Harry Jaarsma said that the bank was more optimistic for world chemical prospects than Degab. Dresdner forecast a rise in earnings for BASF from 1992 to DM0.5 next year, compared with the drop from DM18

FT-SE Eurotrack 100 - Oct 18

Open	11 am	Noon	3 pm	4 pm	Close
1033.96	1033.73	1033.62	1034.43	1035.38	1037.54

Day's High	1099.40	Day's Low	1093.28
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Oct 17	Oct 18	Oct 15	Oct 14	Oct 11
1095.78	1095.87	1095.49	1088.51	1088.47

Source: Datastream

to DM16 forecast by Degab. With such an intellectual gap at the analyst's level, said Mr Jaarsma, it was no wonder that investors were nervous.

PARIS overcame the apathy that had followed Thursday's long-awaited interest rate cut, and rose in afternoon trading. The CAC 40 index ended 8.73 up at 1,864.20, 1.7 per cent higher on the week.

Blue chips such as BSN led the gains. "BSN is the sort of quality blue chip that people buy when they are unsure of the market," said Mr Michael Woodcock of Nikko Securities.

The food group added Ffr15 to Ffr78 after Thursday's news of a rise in nine-month sales. Among other firm blue chips, Alcatel-Alsthom rose Ffr6 to Ffr607 and L'Oreal added

Ffr14 to Ffr674.

Synthelabo, a subsidiary of L'Oreal, dropped Ffr55 or 5.7 per cent to Ffr915 after its purchase of a family-owned pharmaceutical company.

Eurotunnel continued to fall, this time on the news that the EC has asked the UK to delay the fast rail link to the Channel tunnel. The stock lost 55 centimes to Ffr42.55.

STOCKHOLM was lifted by S-E-Banken's eight-month result. The Affinity Bank's general index rose 8.2 to 978.2, down 2.2 per cent on the week - in thin turnover of SKr260m, down from SKr351m.

S-E-Banken restricted A shares gained SKr2.5 to SKr55.5, its eight-month credit losses were lower than feared. Trelleborg rose Bs rose SKr6 to

SKr106 before it issued eight-month results and revised its full-year forecast downwards.

MILAN failed to keep the momentum of Thursday's rise and closed an abbreviated week on an easier note. The Comit index fell 0.88 to 531.01 in turnover estimated at less than Thursday's L101.2bn.

Textile and telecommunications shares bucked the trend. The knitwear maker, Benetton, which has been recommended by several brokers, rose L230 or 2.2 per cent to L10,880. In telecoms, Sip added L35 or 2.9 per cent to L1,240.

Flint failed to follow Thursday's rise, but the news that it would make 40 per cent of its workforce idle for one week in November.

AMSTERDAM was mixed in trading dominated by options activity. The CBS Tendency index closed 30.26 higher at 1,717.1, 1.7 per cent on the week.

National airline KLM closed 90 cents up at a year's high of Fl38, although below the intra-day high of Fl39.80, in heavy trade estimated at 3.5m shares. Confirmation that KLM was in co-operation talks with British Airways boosted the price.

MADRID's general index edged up 0.25 to 263.06 - barely changed on the week - in turnover of about Pt10bn. Telefonica gained Pt45 to Pt14,250 in heavy volume of 3.34m shares, after a positive US newspaper article.

Tabacalera rose Pt90 to Pt15,450. A Spanish newspaper reported that the government might sell more of its stake to Philip Morris of the US.

HELSINKI was hit by poor interim results and rising interest rates. The Hex index lost 6.0 to 847.5, down 0.7 per cent on the week.

Stocks falling on results news included Nokia, with its ordinary free shares down 60 penni at Fm77, and Metra, with its free Bs off Fm7 or 11.7 per cent at Fm53.

SOUTH AFRICA

DEMAND FOR quality shares and news that the Commonwealth had agreed to a phased lifting of sanctions boosted Johannesburg, although a rise in the financial rand restricted gains. The all-share index rose 7 to 3,401.

ASIA PACIFIC

Nikkei rises 1.9% on hopes of rate cut

Tokyo

SHARE PRICES rose sharply yesterday, as short-term interest rates and bond yields eased on renewed hopes of an imminent interest rate cut. The Nikkei average was up 3.1 per cent on the week, writes Emilio Terazono in Tokyo.

The Nikkei average rose 454.97 or 1.9 per cent to 24,894.82 after opening at the day's low of 24,486.39 and hitting a day's high early in the afternoon. The index had gained 1,034.15 points over the past four trading days, in spite of the business suspension of the Big Four brokers - Nomura, Daiwa, Nikko and Yamachi.

Volume rose to 500m shares from 450m, as a rally in the futures market prompted arbitrage trading. Institutional investors, including trust banks and insurance companies, were seen buying biotechnology-related shares.

Advances outpaced declines by 736 to 345, with 146 issues unchanged. The Toxix index of all first section stocks rose 23.12 to 1,881.70 and, in London trading, the ISE/Nikkei 50

index rose 4.74 to 1,481.84. Rumours of an imminent cut in the official discount rate ran through the market after Mr Kichii Miyazawa, who is expected to become the next prime minister, called for an early interest rate cut. The yield on the 10-year 129 benchmark bond closed at a record low of 5.65 per cent, down from 5.83 per cent.

Interest rate-sensitive issues firmed on lower bond yields, with Mitsubishi Heavy Industries up Y20 at Y748 and Hitachi Zosen, the shipbuilder, adding Y17 to Y730.

Biotechnology issues regained popularity, on buying by institutions and individuals. Meiji Milk Products, the most active issue of the day, rose Y30 to Y1,150 and Kuraray, the fibre company, advanced Y30 to Y1,290.

Showa Shell Sekiyu, the oil refiner, added Y70 to an all-time high of Y2,310 on the popularity in resource stocks. The company is projecting a 105 per cent rise in pre-tax profits for the current year.

Other oil-related stocks were also higher, with Cosmo Oil adding Y22 to Y955. In Osaka, the OSE average

gained 213.02 to 26,831.97 on volume of 30.9m shares. Ono Pharmaceutical gained Y300 to Y6,250. The issue has been strong on the back of the recent popularity of biotechnology stocks, but traders said that the stock was also rumoured to be held by politicians, and tended to be actively traded before political events.

Roundup

PACIFIC Rim markets seemed unwilling to follow Tokyo's lead yesterday, edging up only slightly where they rose at all.

AUSTRALIA was not disturbed by the overnight fall in the US nor by the effect of companies going ex dividend. Limited strength in industrials took the All Ordinaries index up 5.1 to 1,617.4, a 14-month high, for a rise of 4 per cent on the week.

Turnover fell from A\$324m to A\$256m as News Corp rose another 30 cents to A\$11.90 and the paper and packaging manufacturer, Amcor, put on 10 cents to A\$6.30.

MANILA did not believe allegations by an American mercenary that he was hired by a Philippine cabinet minister to

kill top rightist rebels and civilians, and the composite index inched up 0.57 to 1,019.42, 4.1 per cent higher on the week.

SEOUL rose in spite of after-noon reports of the failure of a company. Financially healthy counters rose as shares in small companies fell, and the composite index ended 0.77 up at 696.53, 1.7 per cent lower on the week.

TAIWAN firmed as political tensions eased, the weighted index closing 30.26 higher at 4,334.30, 9.9 per cent lower on the week. However, turnover fell sharply from T\$18bn to T\$11.3bn.

HONG KONG's Hang Seng index fell 2.52 to 4,015.91, fractionally lower on the week. SINGAPORE saw the Straits Times Industrial index only 1.54 higher at 1,377.98, but up 1.9 per cent on the week. However, BANGKOK ended 3.1 per cent lower on the week after a 5.28 rise in the SET index to 619.34.

BOMBAY rose on its return from Thursday's holiday, although profit-taking knocked shares off their highs. The BSE index added 5.44 to 1,778.91, up 0.8 per cent on the week.

LONDON SHARE SERVICE

BRITISH FUNDS											
1991 High	1990 Low	Stock	Price ±	% Yield	1991 High	1990 Low	Stock	Price ±	% Yield		
"Shorts" (Lives up to Five Years)											
00	99	Each 1/16 1991	180.5	10.10	10.33	100	99	Each 1/16 1991	180.5	10.10	10.33
01	00	Each 1/16 1992	180.5	10.10	10.33	100	99	Each 1/16 1992	180.5	10.10	10.33
02	01	Each 1/16 1993	180.5	10.10	10.33	100	99	Each 1/16 1993	180.5	10.10	10.33
03	02	Each 1/16 1994	180.5	10.10	10.33	100	99	Each 1/16 1994	180.5	10.10	10.33
04	03	Each 1/16 1995	180.5	10.10	10.33	100	99	Each 1/16 1995	180.5	10.10	10.33
05	04	Each 1/16 1996	180.5	10.10	10.33	100	99	Each 1/16 1996	180.5	10.10	10.33
06	05	Each 1/16 1997	180.5	10.10	10.33	100	99	Each 1/16 1997	180.5	10.10	10.33
07	06	Each 1/16 1998	180.5	10.10	10.33	100	99	Each 1/16 1998	180.5	10.10	10.33
08	07	Each 1/16 1999	180.5	10.10	10.33	100	99	Each 1/16 1999	180.5	10.10	10.33
09	08	Each 1/16 2000	180.5	10.10	10.33	100	99	Each 1/16 2000	180.5	10.10	10.33
10	09	Each 1/16 2001	180.5	10.10	10.33	100	99	Each 1/16 2001	180.5	10.10	10.33
11	10	Each 1/16 2002	180.5	10.10	10.33	100	99	Each 1/16 2002	180.5	10.10	10.33
BRITISH FUNDS—Contd											
1991 High	1990 Low	Stock	Price ±	% Yield	1991 High	1990 Low	Stock	Price ±	% Yield		
Over Fifteen Years											
101	100	Each 1/16 2003	180.5	10.10	10.33	101	100	Each 1/16 2003	180.5	10.10	10.33
102	101	Each 1/16 2004	180.5	10.10	10.33	101	100	Each 1/16 2004	180.5	10.10	10.33
103	102	Each 1/16 2005	180.5	10.10	10.33	101	100	Each 1/16 2005	180.5	10.10	10.33
104	103	Each 1/16 2006	180.5	10.10	10.33	101	100	Each 1/16 2006	180.5	10.10	10.33
105	104	Each 1/16 2007	180.5	10.10	10.33	101	100	Each 1/16 2007	180.5	10.10	10.33
106	105	Each 1/16 2008	180.5	10.10	10.33	101	100	Each 1/16 2008	180.5	10.10	10.33
107	106	Each 1/16 2009	180.5	10.10	10.33	101	100	Each 1/16 2009	180.5	10.10	10.33
108	107	Each 1/16 2010	180.5	10.10	10.33	101	100	Each 1/16 2010	180.5	10.10	10.33
109	108	Each 1/16 2011	180.5	10.10	10.33	101	100	Each 1/16 2011	180.5	10.10	10.33
110	109	Each 1/16 2012	180.5	10.10	10.33	101	100	Each 1/16 2012	180.5	10.10	10.33
111	110	Each 1/16 2013	180.5	10.10	10.33	101	100	Each 1/16 2013	180.5	10.10	10.33
112	111	Each 1/16 2014	180.5	10.10	10.33	101	100	Each 1/16 2014	180.5	10.10	10.33
113	112	Each 1/16 2015	180.5	10.10	10.33	101	100	Each 1/16 2015	180.5	10.10	10.33
114	113	Each 1/16 2016	180.5	10.10	10.33	101	100	Each 1/16 2016	180.5	10.10	10.33
115	114	Each 1/16 2017	180.5	10.10	10.33	101	100	Each 1/16 2017	180.5	10.10	10.33
116	115	Each 1/16 2018	180.5	10.10	10.33	101	100	Each 1/16 2018	180.5	10.10	10.33
117	116	Each 1/16 2019	180.5	10.10	10.33	101	100	Each 1/16 2019	180.5	10.10	10.33
118	117	Each 1/16 2020	180.5	10.10	10.33	101	100	Each 1/16 2020	180.5	10.10	10.33
119	118	Each 1/16 2021	180.5	10.10	10.33	101	100	Each 1/16 2021	180.5	10.10	10.33
120	119	Each 1/16 2022	180.5	10.10	10.33	101	100	Each 1/16 2022	180.5	10.10	10.33
CORPORATION LOANS											
1991 High	1990 Low	Stock	Price ±	% Yield	1991 High	1990 Low	Stock	Price ±	% Yield		
Commonwealth & O'Seas											
101	100	Each 1/16 2003	180.5	10.10	10.33	101	100	Each 1/16 2003	180.5	10.10	10.33
102	101	Each 1/16 2004	180.5	10.10	10.33	101	100	Each 1/16 2004	180.5	10.10	10.33
103	102	Each 1/16 2005	180.5	10.10	10.33	101	100	Each 1/16 2005	180.5	10.10	10.33
104	103	Each 1/16 2006	180.5	10.10	10.33	101	100	Each 1/16 2006	180.5	10.10	10.33
105	104	Each 1/16 2007	180.5	10.10	10.33	101	100	Each 1/16 2007	180.5	10.10	10.33
106	105	Each 1/16 2008	180.5	10.10	10.33	101	100	Each 1/16 2008	180.5	10.10	10.33
107	106	Each 1/16 2009	180.5	10.10	10.33	101	100	Each 1/16 2009	180.5	10.10	10.33
108	107	Each 1/16 2010	180.5	10.10	10.33	101	100	Each 1/16 2010	180.5	10.10	10.33
109	108	Each 1/16 2011	180.5	10.10	10.33	101	100	Each 1/16 2011	180.5	10.10	10.33
110	109	Each 1/16 2012	180.5	10.10	10.33	101	100	Each 1/16 2012	180.5	10.10	10.33
111	110	Each 1/16 2013	180.5	10.10	10.33	101	100	Each 1/16 2013	180.5	10.10	10.33
112	111	Each 1/16 2014	180.5	10.10	10.33	101	100	Each 1/16 2014	180.5	10.10	10.33
113	112	Each 1/16 2015	180.5	10.10	10.33	101	100	Each 1/16 2015	180.5	10.10	10.33
114	113	Each 1/16 2016	180.5	10.10	10.33	101	100	Each 1/16 2016	180.5	10.10	10.33
115	114	Each 1/16 2017	180.5	10.10	10.33	101	100	Each 1/16 2017	180.5	10.10	10.33
116	115	Each 1/16 2018	180.5	10.10	10.33	101	100	Each 1/16 2018	180.5	10.10	10.33
117	116	Each 1/16 2019	180.5	10.10	10.33	101	100	Each 1/16 2019	180.5	10.10	10.33
118	117	Each 1/16 2020	180.5	10.10	10.33	101	100	Each 1/16 2020	180.5	10.10	10.33
119	118	Each 1/16 2021	180.5	10.10	10.33	101	100	Each 1/16 2021	180.5	10.10	10.33
120	119	Each 1/16 2022	180.5	10.10	10.33	101	100	Each 1/16 2022	180.5	10.10	10.33
COMMONWEALTH & O'SEAS											
1991 High	1990 Low	Stock	Price ±	% Yield	1991 High	1990 Low	Stock	Price ±	% Yield		
Loans											
101	100	Each 1/16 2003	180.5	10.10	10.33	101	100	Each 1/16 2003	180.5	10.10	10.33
102	101	Each 1/16 2004	180.5	10.10	10.33	101	100	Each 1/16 2004	180.5	10.10	10.33
103	102	Each 1/16 2005	180.5	10.10	10.33	101	100	Each 1/16 2005	180.5	10.10	10.33
104	103	Each 1/16 2006	180.5	10.10	10.33	101	100	Each 1/16 2006	180.5	10.10	10.33
105	104	Each 1/16 2007	180.5	10.10	10.33	101	100	Each 1/16 2007	180.5	10.10	10.33
106	105	Each 1/16 2008	180.5	10.10	10.33	101	100	Each 1/16 2008	180.5	10.10	10.33
107	106	Each 1/16 2009	180.5	10.10	10.33	101	100	Each 1/16 2009	180.5	10.10	10.33
108	107	Each 1/16 2010	180.5	10.10	10.33	101	100	Each 1/16 2010	180.5	10.10	10.33
109	108	Each 1/16 2011	180.5	10.10	10.33	101	100	Each 1/16 2011	180.5	10.10	10.33
110	109	Each 1/16 2012	180.5	10.10	10.33	101	100	Each 1/16 2012	180.5	10.10	10.33
111	110	Each 1/16 2013	180.5	10.10	10.33	101	100	Each 1/16 2013	180.5	10.10	10.33
112	111	Each 1/16 2014	180.5	10.10	10.33	101	100	Each 1/16 2014	180.5	10.10	10.33
113	112	Each 1/16 2015	180.5	10.10	10.33	101	100	Each 1/16 2015	180.5	10.10	10.33
114	113	Each 1/16 2016	180.5	10.10	10.33	101	100	Each 1/16 2016	180.5	10.10	10.33
115	114	Each 1/16 2017	180.5	10.10	10.33	101	100	Each 1/16 2017	180.5	10.10	10.33
116	115	Each 1/16 2018	180.5	10.10	10.33	101	100	Each 1/16 2018	180.5	10.10	10.33
117	116	Each 1/16 2019	180.5	10.10	10.33	101	100	Each 1/16 2019	180.5	10.10	10.33
118	117	Each 1/16 2020	180.5	10.10	10.33	101	100	Each 1/16 2020	180.5	10.10	10.33
119	118	Each 1/16 2021	180.5	10.10	10.33	101	100	Each 1/16 2021	180.5	10.10	10.33
120	119	Each 1/16 2022	180.5	10.10	10.33	101	100	Each 1/16 2022	180.5	10.10	10.33
FOREIGN FUNDS & RAILS											
1991 High	1990 Low	Stock	Price ±	% Yield	1991 High	1990 Low	Stock	Price ±	% Yield		
Continued on next page											

INDUSTRIALS (Miscel.)—Contd. | INDUSTRIALS (Miscel.)—Contd.

INDUSTRIALS (Miscel.)—Contd.

1991	Stock	Price	+ or -	Div Nrt	C'vt	Y'ld	P/E
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94	736 Darling Ind. 10c.. B	94	4.2	0.8	6.0	3.4
98	19121 Lyburn Group So. B	78	..	13.5	2.2	6.5	17.8
							27

33	1811-1911	10 75	36	04	71
34	731-1911	32	15	10	8

66	1304-10-10p	1304	6	26	47	8
21	911-10-10p	10	2	12	15	12

182	128	PAITIE Group 50p...	180	..	216	0	1	1
44	490	Disaster Crp 150	644	+21	216	0	0	12
			360	-3	212	1	5	12

853	190 Morgan, Charles	263	-1				8.4
120	851 Dr 75pc Co Rd P El y	119	-1				
257	731 50pc Ave Lnw 100 B	268	9-10-2	3.4	4.6	5.8

50	23 NW Computers	34	0.5	30	2.5	22
92	66 Nistor-BNA 10p	67	13.15	21	6.5	9
		80	0.6	20	9.8	6

149	90 Nibco Group 10p...	75	...	75	11	6.5	17
163	85 Nicos...	144	...	75	6	0.8	19
163	85 Nicos...	144	...	75	6	0.8	19

370	128 G	21	6	5
5255	Q9°	-	5	5
	5 21	0 7	10	18

76	5400 Int'l International 50	60	0.1	0
40	21 Office & Elect. ...	38		
20	1750 mediatech 1p	17		

128	750n Flame Intl	136	5	0128	1	1	6
140	954PCT Gp 10p			96.5	2	3	9
				13.5	3	3	7

228	50176 Rodman Keweenaw	601	061c	301	501	501
77	536Pacty Sy. SO 01	601	021c	401	501	501
264	18302-10 Dyer A550	248				

[illegible]

390	308 Do. 'A' N/V 10p	390	...	10.4	4	5.0	
0 1/2	31 1/2 Paulfinders Gro Spoil	7 1/2	...				
220	10 1/2 Demma 5p	120	+2	11.25	2.9	12.5	3

122	43 Portland Group...	118	10.75	5.00	0.8	28.8
46	27 Petrocon 12120...	32	1.25	2.7	5.2	8

LONDON SHARE SERVICE

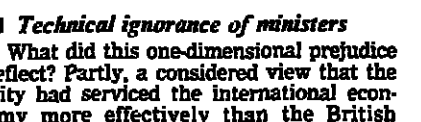
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LEISURE - Contd

1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	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The City has never liked left wing governments. David Kynaston asks if times are changing

to the traditional British governing class. Meanwhile, would-be Labour treasury ministers exuding tough-minded financial orthodoxy and clutching a pink broadsheet as they head off to City luncheon tables now provide a familiar photo opportunity. It may be half a century too late, but at least one of the ill-matched duo is making an effort to understand the other.



I am retired/I plan to retire in _____ months.

FINANCE AND THE FAMILY

London Market

The hurricane that didn't howl

FRIDAY morning dawned calm and clear in London; the strong winds predicted by the weather forecasters had missed the south of England. Normally, I would not weary you with meteorological minutiae. This week, however, the forecasters' error was the subject of the October crash of 1987 and the return of the strong autumn winds that closed the London Stock Exchange on the Friday before Black Monday made for nervousness.

You can see why some of the conditions that led New York to crash four years ago are noticeable today, not least a gross overvaluation of US equities in relation to earnings.

Still, there are also some striking differences between 1987 and now. One is a point made by Robin Aspinall of Schroders: markets do not crash from a cliff-top, but from a ledge some way down. The London equity market peaked in July 1987, as the chart shows, and had already fallen some way by the time the crash started. This October, share prices are still fairly close to the peak reached in early September 1987.

Another difference is the inflation-adjusted value of shares: the chart illustrates that UK blue chips are worth markedly less in real terms than in October 1987.

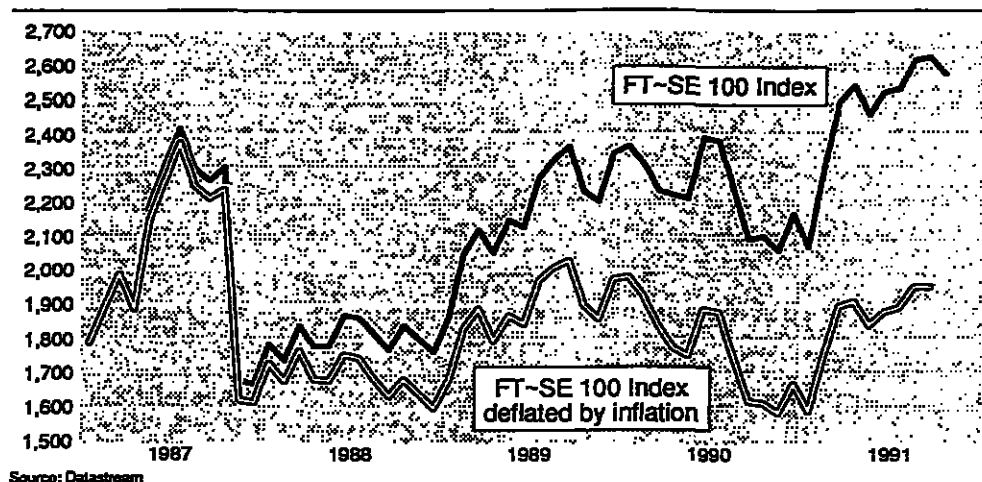
Perhaps the most striking difference is the economic out-

look. As Peter Lyon of Smith New Court points out, in 1987 the world was heading into the last phase of a strong economic upturn, peaking around the first quarter of 1988. The bond markets had recognised this, with a sharp shift upwards in yield from the spring of 1987. "But equities were still telling us the boom was going on for ever," says Lyon. At some point, the strain would tell – and it did, in October 1987.

Today, though Lyon recognises that price/earnings ratios are stretched, particularly in the US and arguably in the UK as well, he argues that there aren't the same negative signs from the bond markets as in 1987. Indeed, as J.P. Morgan's global bondwatchers point out, bond markets have rallied strongly in most markets over the past two months, registering the best gains in almost four years – since the sharp easing of monetary policy that followed the October crash, indeed. They expect the trend to continue, though more slowly.

So far, so comforting. But if equities were predicting an eternal boom in 1987, with gilts already aware that all good things have their day, perhaps today's pattern amounts to an equally unstable opposite. The gilt market's expectation of falling interest rates reflects a recession-induced fall in inflation will last forever, while the equity market is discounting a

FT-SE 100 Index



Source: Datastream

good old-fashioned upswing. Unless the structure and expectations of the British economy have been changed beyond all recognition by the events of the past two years, there is an inherent contradiction between those two views. Resolving it may not take place as abruptly as in October 1987; but the process may not be particularly cheerful, all the same.

Such reflections apart, the week was a more cheerful one than the previous week's auguries would have led one to expect. FT-SE closed the week at 2,601.1, up 46.1 from the previous Friday, a healthy performance, and there was the pros-

pect of a juicy takeover battle after Lasmo's £1.6bn bid for Ultramar.

The bid has been rumoured for some time; indeed, Ultramar has been one of the market's favourite takeover candidates ever since Sir Ron Brierley took a stake in 1986 (he sold it in 1989). The most recent wave of rumours, centring increasingly on Lasmo, have been around for a few weeks: the stock had risen from 234p on September 24 to 277p on Wednesday, the eve of the bid. Lasmo's all-paper offer, valuing the company at 315p a share on Thursday, pushed Ultramar's shares to 347p, then to 351p on Friday amid fading rumours of counter-bids.

The cheering effect of a takeover bid offset poor news on the rights issue front. Although Hilldown's offer closed with the stock safely above the rights issue price, take-up was only 48 per cent, rather lower than the market had been expecting. The shares – which had closed on Thursday at 213p, in anticipation of a rather more successful result – ended the week at 209p, up 1p from the previous Friday's close. "I think it will be quite a long time before we have another cash call," said Hilldown's chairman Sir Harry Solomon.

The other two big rights issues – from British Aerospace and Asda – continued their walk along the razor's edge. BAE's share price closed the week at 380p, exactly in line with the rights issue price, up from 371p the previous Fri-

day. Asda closed at 41p, up 1p on the week and 6p above the rights issue price.

In a way, it was surprising that Asda's performance was not stronger on Wednesday. It made the long-awaited announcement of a new chief executive: Archie Norman, Kingfisher's youthful finance director. The appointment was generally well received, and the impression that the rights issue was safe started to gain ground. Investors were clearly not prepared to count Asda's over-ready corn-fed chickens before they were hatched, however: the fate of Hilldown's rights issue was clearly on their minds.

Other ill-fated companies got the short end of the television franchise auction, which reached its soap-opera climax on Wednesday. In stock market terms, the outcome was a bit of a disappointment: Granada, for example, rose from 165p to 191p during the week. Nothing to be sneezed at, of course, but this 16 per cent rise came in a week which saw a successful bargain-basement franchise bid, the long-delayed decision to take an axe to the groups' computer services division, and an enthusiastic stockbroker's report on BSkyB, the satellite television venture in which Granada is a major shareholder. Alex Bernstein, Granada's chairman, must be wondering what he would have to do to really move the share price.

Peter Martin

Serious Money

Wealth of inequality in Major's musings

By Philip Coggan, Personal Finance Editor

ONE OF the oddest announcements of John Major's premiership must be his plan to reform inheritance tax.

Here is a man who, in his campaign for the Conservative leadership, stressed his desire for a classless society. When he gets into office, however, he proposes a measure which would increase inequalities of wealth.

Nor is it easy to see any economic point to such a move. The reductions in higher rate taxes made during the 1980s were at least backed by the argument that lower taxes would create the incentive to work harder, and thus both improve the economy and increase the tax take.

But what would be the economic purpose of the virtual abolition of inheritance tax? All that would be likely to be created is a generation of Bertie Woosters, idling their time away on the golf course, while they lived off the income from their investments. Employment opportunities for butlers would increase, but that would be the sole benefit.

After all, if our own Aunt Agatha left us £1m or two, how many of us would want to continue to slog out 12-hour days at the office?

Who exactly is meant to benefit from this tax change? The average value of inheritances between 1985 and 1989, according to the Joseph Rowntree Foundation, was just £29,730, well below the current £140,000 inheritance tax threshold.

That is an arithmetic average; the median figure was under £10,000. Those in Greater London (average inheritance £45,500) will also benefit far more than those in the Midlands (£15,000) or the north (£13,000). Not much wealth "cascades down the generations", to use Mr Major's phrase, on inner-city housing estates.

The rich, admittedly, often use accountants and advisers to avoid the tax. But surely the right response is to tighten the loopholes, not abolish the tax. Whatever next? Is the home secretary about to announce

that, because of the vast numbers of thieves who are never caught, burglary is to be abolished as a crime?

The main beneficiaries of the change, judging by the supportive claims of right-wing commentators, will be those middle class people whose houses vastly appreciated in value during the 1980s boom.

I am sure many readers will be in that category. But the tax system has served you pretty well. All the gains on your main houses have been free of capital gains tax. A substantial proportion of the interest payments have also been tax free. Do you really need another tax subsidy as well, especially as

but via diversified collective funds such as unit and investment trusts. At the very least, the full £6,000 of a PEP should be allowed to be placed in non-issue trusts.

A more radical reform would be to extend to income the same benefit that exists for capital gains – indexation. Investors may be enjoying real (after inflation) returns at the moment, but for much of the 1980s, their after-tax real returns would be negative.

Reducing the tax burden on savings would not only be economically beneficial, it would also be fair. Saving is deferred consumption, and interest payments are in large part designed to compensate people for postponing their purchases.

However, that element of interest payments which reflects inflation, merely allows investors to maintain their purchasing power. Only the additional "real" element is a true incentive to postpone consumption – and only that element should be taxed.

Interest on savings seems to be regarded by the taxman, as unearned income. In fact for most people savings are made from earned income, which is already subject to tax; the levy on interest income is thus effectively double taxation.

The only real source of unearned income is inherited wealth, which is determined merely by chance; you cannot choose to be born to rich parents. In a meritocracy, which John Major otherwise seems to favour, inherited wealth would have little justification. Indeed, meritocratic considerations would suggest the diametric opposite of what the government seems to be proposing – an increase in the inheritance tax burden.

Labour's policies on savings admittedly have flaws, in that they plan to increase taxation via the investment income surcharge. That too makes little sense in economic terms.

But one of their mooted proposals – taxing the recipient of inheritance rather than the estate – would seem to chime in far more with Major's meritocratic musings.

Not much wealth 'cascades down the generations', to use the prime minister's phrase, on inner-city housing estates

the IHT threshold has increased substantially in recent years?

Do not get me wrong. I am all in favour of encouraging saving. One need only look at the difference in savings rates since the war – and the differential levels of economic success – between Britain and Japan.

But the problem in the UK has been that too much private wealth has gone into the housing market, because of the very generous tax breaks that are associated. Although higher rate tax relief has been abolished, and the housing market is currently depressed, the long-term tax advantages of residential property ownership are still extensive.

In economic terms, there are plenty of reforms which the government could make, instead of reducing inheritance tax, if it wants to encourage the saving habit. For a start, people could be encouraged to invest in equities in a sensible way, not by making short-term profits on privatisation issues,

but by making long-term investments in shares and property. The only real source of unearned income is inherited wealth, which is determined merely by chance; you cannot choose to be born to rich parents. In a meritocracy, which John Major otherwise seems to favour, inherited wealth would have little justification. Indeed, meritocratic considerations would suggest the diametric opposite of what the government seems to be proposing – an increase in the inheritance tax burden.

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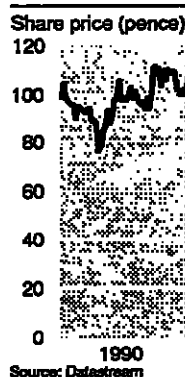
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HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2601.1	+46.1	2679.6	2054.8	Bid inspires recovery from weakness
Anglia TV	185	-36	246	140	Franchise bid higher than expected
Baris Hldgs	125	-33	254	125	Halved interim profits
Eurotunnel	423	-35	543	355	Dispute with contractors
Glaxo	1441	+74	1441	800	Share split soon
Lasmo	315	+17	397	294	Bid for Ultramar
Lloyds Chemists	305	+25	306	163	Increased full-year profits
Penna	120	-170	330	103	Profits warning
Pilkington	159	+11	210	137	Analyst's recommendation
Rathens	73	-9	191	68	Institution sells stake
Scottish TV	623kd	+49	665	257½	Low bid wins/queasy market
Shell Transport	534	+22	546	419	Firm crude oil price
Sunbelt & Vine	178	+28	180	110	Better prospect for indprod products
Ultramar	351	+81	358	233	Bid from Lasmo
Yorkshire TV	159	-39	312	150	Franchise bid higher than expected

AT A GLANCE

Asda



Good news at last for Asda

Asda's shares have slumped in the past year as the debt-laden supermarket group has struggled to compete with rivals. The group at last had some good news this week, with approval for a £37m rights issue and the appointment of a new chief executive, Archie Norman, formerly finance director of Kingfisher.

Oil prices hit post-Gulf high

Oil prices reached their highest levels since the end of the Gulf War this week, as traders tried to build stocks ahead of the winter and market fears concentrated on the potential for disruption to Soviet production.

National Savings rates out

Rates are being cut on the National Savings Investment Account and Income Bonds. Gross rates on the former will fall from 10.25 per cent to 9.5 per cent on October 28; the latter will be cut from 10.25 per cent to 9.5 per cent on November 28. Those holding the 32nd issue of National Savings certificates should also note that they will start to mature on November 12. If you have held them for more than five years, do not get stuck with the general extension rate (a measly 5.01 per cent); cash them in or reinvest them in other certificates.

New venture from Morgan Grenfell

Another investment trust joined the new issue queue this week. Morgan Grenfell Equity Income Trust is investing in small and medium company shares and aims for a 6.1 per cent initial yield. It is being sold with a PEP; here the high yield offers considerable advantages. Thirty million shares are being offered at 100p each, with warrants attached on a one-for-five basis. Applications, for a minimum of 500 shares, must be made by November 6. Dealings are expected to start on November 14.

Smaller companies hold steady

Small company shares showed little signs of nervousness this week as the fourth anniversary of the 1987 Crash drew nearer. The County Small Companies Index fell 0.2 per cent to 1014.6 in the week to October 17, while the Hoare Govett Index (capital gains version) dropped 0.1 per cent to 1268.52.

Mass trust launch by Sanwa

Sanwa, the world's third largest bank, is to launch ten authorised unit trusts in the UK on Monday. It is thought to be the largest number of unit trusts to have been launched simultaneously by one investment house. The Japanese company will aim its launch mainly at institutions and large intermediaries. The range of funds is wide but stresses international stock-picking opportunities – it includes two Japanese, one Asian, two American, one European, one international equity, and one international bond fund. There are also funds for the UK general and UK growth sectors.

The FT Review of Personal Finance

During the summer, investors took an optimistic view. But as winter approaches and John Major runs out of room for electoral manoeuvre, the ride could start to get rough. The autumn issue of the FT Quarterly Review of Personal Finance, published with next Friday's paper and repeated with Saturday's, provides insights through uncertainty. Features include independent advice, insuring your car, and with-profits policies maturity values, plus a seven-page survey on unit trusts.

Wall Street

Corporate snapshots produce mixed picture

LISTEN TO the words of John Akers, chairman of IBM, the world's largest computer manufacturer, as he reported an 85 per cent drop in third-quarter earnings this week: "Although business conditions remain unsettled, we expect improvement in the pace of our business as shipments of our new product line build."

Now listen to John Smith, senior vice-president of Digital Equipment, the second largest computer manufacturer in the US, which this week announced a 9 per cent increase in first-quarter net income. "The economic malaise continues," he said, reaching "global proportions. We expect it will continue and are planning accordingly."

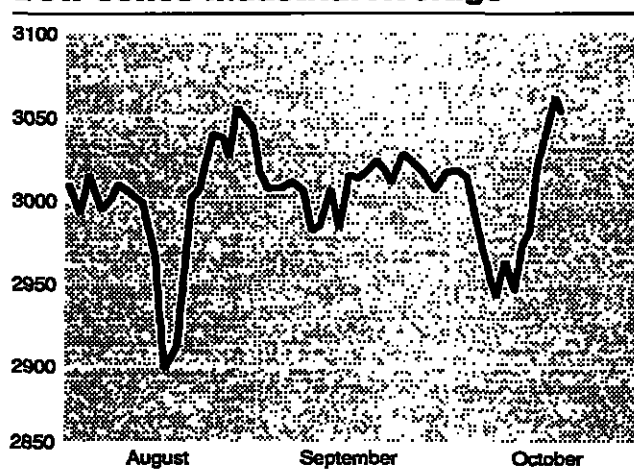
It has been a week of contrasting snapshots of the health of the US economy as corporate America pumps out its latest quarterly figures and offers Wall Street a sketchy, subjective view on the future. There is a danger of reading too much into companies' crystal-ball gazing, for they may simply be parroting the economic consensus, which tends

towards the optimistic rather than giving original insight into conditions on the ground. But so far this quarter Wall Street has heard more that encourages rather than dismays it, and this has been duly reflected in a sharp, five-day rally that took the Dow Jones Industrial Average up more than 115 points, or over 3 per cent, to close on Wednesday at a record 3,061.72.

The more optimistic analysts proclaimed that the bull market which began at the start of the year had entered a second, upward leg. Corporate America's third-quarter earnings might be poor, they argued, but the evidence suggested the worst of the recession was past. Moreover, the sharp efficiency-gains forced on companies by the downturn would ensure that, when recovery did come, profits would bound sharply up.

Yet there remains considerable doubt about whether recovery is just around the corner, or whether the economy will continue to bounce along the bottom for some time. For example, car sales in the first 10 days of October fell to a seasonally-adjusted

Dow Jones Industrial Average



annual selling rate of just 5.5m – well below the lacklustre 6.5m pace of the previous 30 days. Lee Iacocca, chairman of Chrysler, thought the US was at the bottom of a "huge, severe auto recession". Sales should improve next year, he said, but then added: "I don't want to say that any rebound is imminent."

Concerns that recovery may

not be just around the corner were crystallised on Thursday when the Dow's advance was stopped by two more disturbing economic figures. Industrial production, the driving force behind the modest economic upturn of the past few months, grew a mere 0.1 per cent in September. Consumer prices jumped 0.4 per cent in the month – the largest

monthly increase this year. The inflation figures, which may be an aberration, still rattled the bond market.

The data make it less likely that the Fed will cut short-term interest rates again in the near future – a move widely but incorrectly anticipated by the market for several weeks.

Still, the Fed is under strong pressure to ease from a White House which has grown increasingly worried in the past few weeks about the sluggishness of the economy, with a presidential election campaign looming a year from now. President Bush held a high-profile meeting with Republican Congressional leaders to work out a tax relief package aimed at stimulating growth, but his room for manoeuvre is limited.

On the brighter side, many large banks have produced third-quarter figures rather better than expected, along with indications that their difficulties with bad property and commercial loans may be stabilising. This in turn may eventually alleviate the credit crunch – banks' conservatism in extending new loans –

although the problem may be due as much to consumers' unwillingness to borrow.

An exception was Citicorp, the largest US bank, which shocked Wall Street when it suspended its dividend and announced a \$850m third-quarter loss. Due partly to the write-down of its investment in Quotron, its financial information unit, and partly to the costs of slashing staff and other expenses.

Citicorp still faces huge difficulties, among them a capital ratio weaker than most of its main competitors.

John Reed, the embattled chairman, said revenues were growing slower than expected, and more cost-cutting would be needed to strengthen the balance sheet. Some analysts also question the adequacy of its reserves against problem loans, while Wall Street critics are beginning to ask whether Mr Reed is the right man to oversee the retrenchment.

Monday 3015.45 + 35.77
Tuesday 3041.37 + 21.92
Wednesday 3061.72 + 20.35
Thursday 3053.00 - 8.72

Martin Dickson

The Bottom Line

Albert Fisher no longer flavour of the month

THE CITY seems to have lost its appetite for the shares of Albert Fisher, the fresh produce distributor and food processor, which was a stock market favourite of the 1980s.

The former loss-making Lancashire greengrocer has been built since 1982 into a leading food group by a series of more than 50 acquisitions.

They were masterminded by Tony Millar, executive chairman, who spotted the trend towards healthier eating and believed the many highly fragmented businesses supplying fresh produce were ripe for consolidation.

This time last year Albert Fisher was hinting that it might be poised to use the proceeds of a 1989 rights issue and committed lines of credit to make a really large acquisition, big enough to take it into the FTSE 100 index.

A possible target was Dole Food, one of the leading banana suppliers in the US, which is about three times the size of the Albert Fisher.

Dole was later withdrawn from the market, but the strength of Albert Fisher's balance sheet came in useful when the UK's group's share price started to fall in the spring.

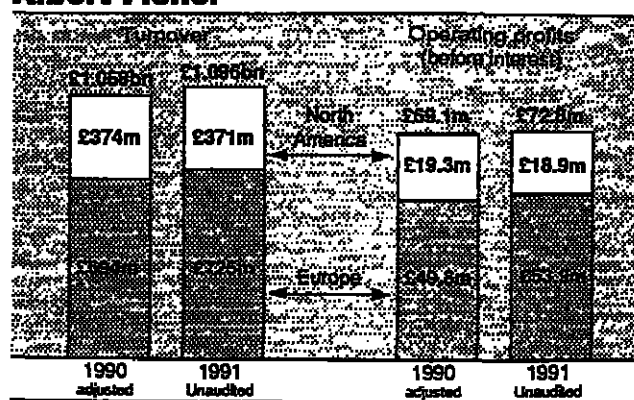
The shares fell from a peak this year of 133p in March after it was revealed that Keith Brackpool, chief executive of Albert Fisher's US operations, personally owed Polly Peck International, the failed trading group, over \$10m (£5.8m) relating to a share deal done by a company he ran.

Albert Fisher was not involved in the deal, although Brackpool did introduce Millar to Pacific Agricultural, a US company on which Albert Fisher this week wrote down an extraordinary loss of \$8.47m.

Millar insists that there will be no further adverse effects on his group from the link with Brackpool, but the episode did raise questions over Millar's judgment.

It was partly to allay these doubts that the company this week brought two non-execu-

Albert Fisher



utive directors on to its board, including Stephen Wallis, chief executive of Arjo Wiggins Appleton, the Anglo-French paper group.

This week the company reported a 20 per cent increase in pre-tax profits to \$89.08m in the year to August 31. But Millar said underlying organic growth was only 5 per cent.

The effects of the recession in the US and the impact of the Gulf war was blamed for a

drop in North American pre-tax operating profits from £19.3m to £18.9m.

The new chief executive in North America, Lenny Pippen, aims to link the group's existing operations in Florida and California by making infill acquisitions across the south, starting with Texas and the New Orleans area.

The European operations showed organic growth of 8 per cent, but the results were

depressed by a £3m loss on mushroom processing.

The problem was partly caused by a sudden EC ban on the importation of Polish mushrooms.

The opening up of eastern Europe and the Soviet Union may throw up occasional problems, but they are likely to be more than outweighed by the potential opportunities for a group which specialises in food distribution and already has a strong presence in Germany.

Millar points out the group is involved with the foods people are still being urged to eat more of – fish, fruit and vegetables. He says: "I believe the healthy eating trend of the 1980s will continue to be a major trend in the 1990s."

Albert Fisher has a strong balance sheet, with net cash of about \$57m. Millar described the year past as a period on consolidation, and has ruled out any big acquisitions or issue of stock in view of the group's current low share price.

Albert Fisher shares closed yesterday 3p higher at 92p.

That puts them on a multiple of 8.8, well below the healthy rating Albert Fisher enjoyed until it fell out of favour.

The group's basic strategy of consolidating a fragmented market and concentrating on higher-margin products remains plausible. Prospective investors who distrust the fickleness of the stock exchange may feel that the derating of the group from market favourite to underperformer had been overdone.

Albert Fisher will not make any big moves until it has regained the confidence of the market, and will have plenty of opportunities to acquire small, family-run businesses which will keep it occupied in the meantime.

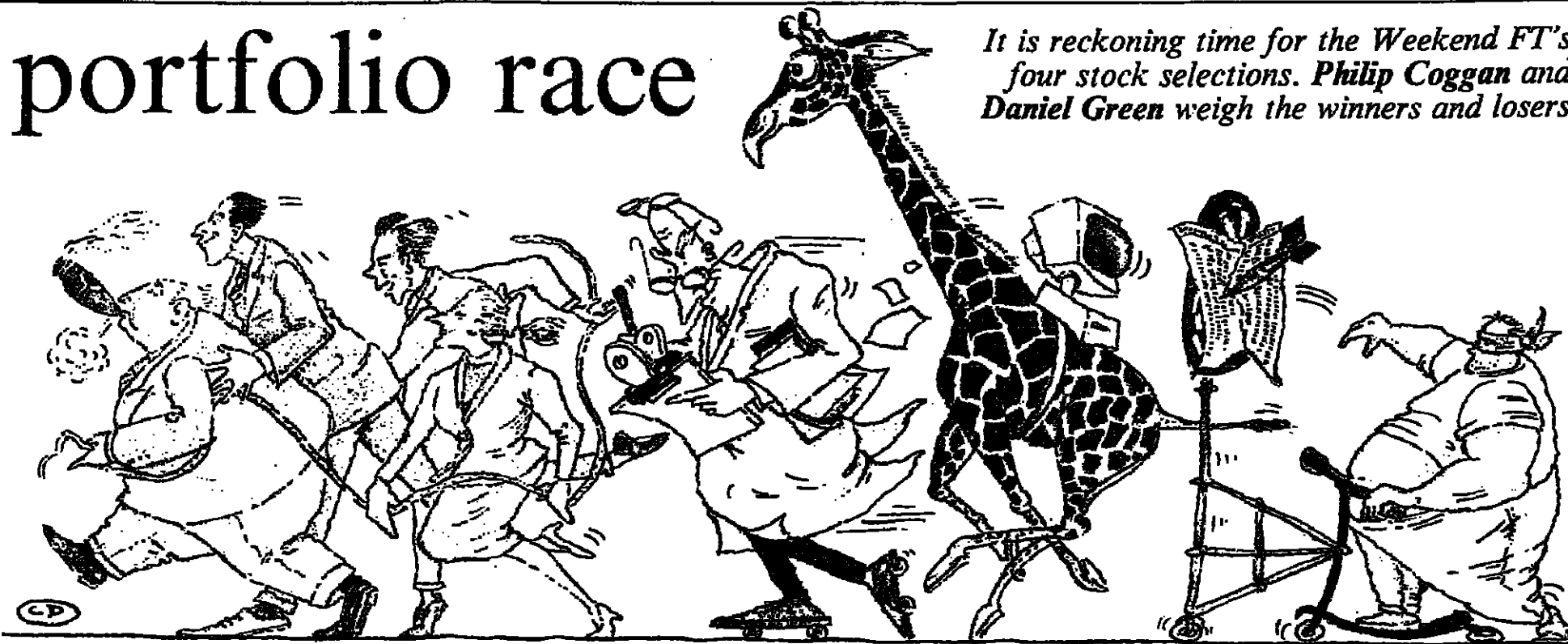
Long-term investors may therefore be attracted at this price level, but they should realise that the very high growth rates which Albert Fisher achieved during the eighties are unlikely ever to recur.

Andrew Bolger

FINANCE & THE FAMILY

The great portfolio race

It is reckoning time for the Weekend FT's four stock selections. Philip Coggan and Daniel Green weigh the winners and losers



DIRECTORS ARE worth following. That must be the conclusion of the portfolios started in the Weekend FT in July.

Despite a dull trading environment for share prices the FT's All-Share Index gained only 1.7 per cent over the period - the directors' portfolio has shown a gain of about 6.9 per cent in three months. Two of the other three chosen portfolios pipped the All-Share.

The idea behind the portfolios was to help private investors in their search for sensible ways of stock-picking. Four bundles of stocks were chosen by radically different methods, and a notional £10,000 was invested in each.

Given that private investors rarely have access to City gossip, or to the views of top analysts, three portfolios were chosen by strictly mechanical methods.

One group covered the ten highest yielding stocks in the FT's All-Share Index - with the safeguard that the dividend must be twice covered by earnings. A second portfolio included those stocks in our weekly Dividends table where three directors had been buying stocks in unison.

The third portfolio was chosen as the "control" of the experiment. Academics have often argued that share prices follow a "random walk" in which past price movements are no guide to the future. Thus a blindfolded chimpanzee throwing darts at the back pages of the FT had just as much chance of picking

winners as a professional (and manager, Family & Finance) journalist stood in for the chimps in this instance. Alas, they had little success: this is the only portfolio to have fallen in value.

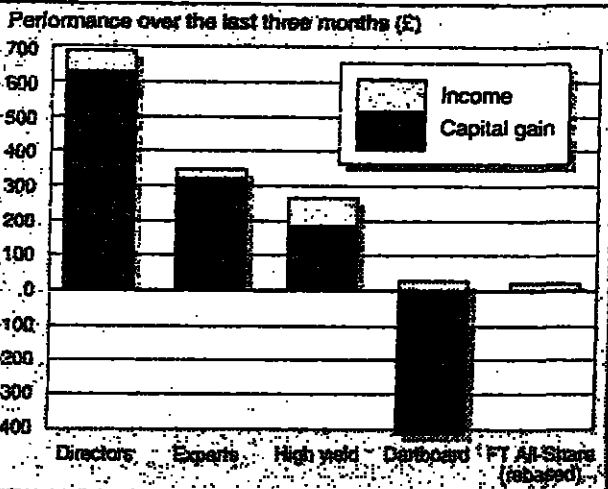
The fourth portfolio was chosen by tapping the collective wisdom of analysts and private client stockbrokers. We asked individuals from ten firms - Barclays de Zoete Wedd, Bell Lawrie, White, James Capel, W Carr, County NatWest, Foreign & Colonial, Greig Middleton, Killik, Newton and Scottish Equitable - to pick ten suitable stocks for the private investor. We then assembled the experts' ten most popular selections in one portfolio.

Investors should take particular note of dividend income, one of the most important reasons for investing in shares over the longer term. So far, few dividends have come through, owing to the long lag between the announcement of payments and their physical distribution to shareholders. But dividend payments will be much larger in future quarters, and once the income on a portfolio reaches £1,000, we shall start reinvesting the proceeds.

Rights issues have been dealt with by selling the nil paid rights at Monday's night prices - none too profitably in the case of Hilldown.

Finally, remember that these portfolios were chosen for the longer term. The directors may be ahead at the moment, but the picture could be quite different in nine months...

How the portfolios compare



WE WERE warned. ADT was always going to do something unexpected.

The shares have been among the most erratic this year as the company fought a war of nerves with its largest stakeholder, Laidlaw of Canada.

Perhaps we ought not to have included it in the directors' purchases portfolio. After all, the directors have been buying and selling all year and we happened to start our project in a week of purchases. But rules are rules.

Manweb is not the biggest mover, but it is the most impressive. Small capitalisation stocks such as Albrighton and Hunterprint are likely to change sharply in percentage terms. Albrighton was even showing a net gain in early August. Manweb's 19 per cent improvement came as investors sought safe high yields against the background of falling inflation and a persistent recession. Electricity stocks generally did quite well - the poor water companies bore the brunt of election jitters.

MY Holdings' gain is spectacular. Making packages, for that is what the Hertfordshire-based company does, is not the

Directors' portfolio				
Company	No of shares	Original price (p)	Current price (p)	Gain or loss (£)
ADT	161	623	528	-152.95
Albrighton	3220	31	23	-257.80
Barry W Miller	769	130	148	123.04
EW	1724	58	88	512.20
Hunterprint	8250	18	20.5	261.25
Linread	1176	85	85	0
Manweb Elec	382	262	311	187.18
MY Holdings	3333	30	39	299.97
Sirling	2957	35	42	189.99
Wheway	2770	36	31	-138.50
Income				23.52
Linread div				26.57
Sirling div				7.68
NP rights#				688.35
Total gain				688.35

Monday night prices. Original cost £2888.34. # relates to sale of Barry W Miller nil paid rights at 2p.

sexiest of businesses, but it is one of the first to receive orders in an upturn. In any case the company's earnings are skewed towards the second half of the year.

Barry Wehmiller is in packaging too, and the stock has performed creditably despite a price-depressing rights issue.

The two dividends add a few useful percentage points to our gains, and in Linread's case puts the stock nicely into positive territory. With the rate of dividend payments set to increase over the next few months, the prospects for the

portfolio are promising.

The portfolio has already performed well, considering the constraints placed upon it. Shares were not bought immediately after news of the directors' purchases were announced to the Stock Exchange; but just before the battle of shares. The shares were indeed doing well for a while and were showing a near 11 per cent gain when the rights issue came. At least there should not be another one for a while.

The experts may also count themselves unlucky with Tarmac, where the possibility for provisions against losses in building the Channel tunnel have hurt shares, and BP, which rose sharply just after the quarter closed. Such vagaries should iron themselves out over the longer term. At least, that is what the experts hope.

Experts' portfolio				
Company	No of shares	Original price (p)	Current price (p)	Gain or loss (£)
Ass British Ports	352	284	379	334.40
Brit Petroleum	282	355	342	-38.66
Cable & Wireless	175	571	562	-33.25
Hilldown	437	228	238	39.77
Kingfisher	195	514	549	68.25
Land Securities	204	489	513	48.96
NatWest Bank	305	328	336	24.40
Racal Elect	458	218	58	-741.98
Vodafone	251	0	377	893.97
RTZ	174	574	554	-34.80
Tarmac	450	222	176	-207.00
Income				34.89
Nat West div				0.54
NP rights#	109			348.77
Total gain				348.77

Monday night prices. Original cost £3,998.22. # relates to nil paid of Hilldown sold at 4.5p on Monday night.

economy and is seen as likely to do well whoever wins the election.

The bank and the shop came in neck and neck. If NatWest's dividend payment is taken into account. This is unlikely to repeat itself over the next three months. The Christmas period is the decider for the fortunes of any retail sector stock and Kingfisher is no exception. A repeat of last year's dismal Yuletide is not out of the question. It would be worse for the store that couldn't sell much than for the bank which lent it the money to buy the stock in the first place.

Three months ago, Hilldown seemed ripe for recovery. The price had been under pres-

High Yield Portfolio				
Company	No of Shares	Original	Current	Gain or loss (£)
Anglia TV	676	148	236	594.88
Austin Reed "A"	709	141	166	177.25
Bullough	1,042	96	126	312.60
Davis Service	758	132	157	189.50
FKI	1,613	62	69	112.91
Goode Durrant	1,315	76	94	236.70
Haden Maclellan	826	121	136	123.90
Lop Group	1,149	87	22	-746.85
Rainers	676	148	84	-322.64
TVS Enter	2,222	45	28	-377.74
Income				18.23
Bullough div				20.97
Goode Durr div				42.74
Total gain				272.45

Monday night prices. Original cost £3,048.98

Ratners and Lep rub home the moral. It is no good just buying one stock because it has a high yield; you have to buy a portfolio and hope that the gains on the winners outweigh the inevitable losses on the poor performers.

We added some protection

against bad news by only picking stocks with dividends twice covered by earnings.

So far, the high yield portfolio has done its job. The capital growth has kept pace with the All-Share and investors have enjoyed a decent income on top.

THE DARTS made some pretty poor choices three months ago. Apart from TVS Entertainment, which has also made a dent in the High Yield portfolio, the darts chose Eurotunnel, where bad news about disputes with the contractors has increased the losses since our Monday cut-off date.

The portfolio is the only one of the four to lose money, down nearly 4 per cent over the period, and it has received just one dividend so far (although River & Mercantile's Stopped Preference Shares are due to pay out before the end of the month).

One selection, Precious Metals Trust, will have to be changed by the time the portfolio is next assessed in January. The trust, which mainly invests in gold stocks, is due to go into voluntary liquidation in December.

Only one stock selection can

Dart Board				
Dartboard portfolio				
Company	No of shares	Original price	Current price	Gain or loss (£)
British Assets	1,190	84	88	23.80
Densilcon	3,228	31	28	-96.78
Dyson J & J	847	118	110	-67.76
Eurotunnel	217	480	458	-4.34
Harrison Ind	1,754	57	59	35.08
Jove Inv Tr Inc	448	69	59	-144.90
Morgan Crucible	448	224	281	165.02
Precious Met Tr	682	181	127	-158.88
R & M Stop Pref	844	118.5	120.5	16.88
TVS Enter	2,222	45	28	-377.74
Income				25.41
Total loss				384.21

Monday night prices. Original cost £3,985.61

so far be classed as an unqualified success. Morgan Crucible, an industrial materials manufacturer, has significant international interests which allow it to overcome the UK recession. Last month it announced a 7 per cent increase in pre-tax profits; its shares are up 17 per

cent over the period. To date, then, it is gratifying to see that the experts, and carefully selected investment strategies, are outperforming the random method. Perhaps we should have borrowed Eric Bristow's throwing arm back in July...

NEW ISSUE - LIMITED PEP OFFER

Beat the Deadline!

"The Fidelity European investment trust which is being launched next month, may turn out to be the basis for the first - and last - European personal equity plan."

The Independent On Sunday
8th September 1991

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Don't Delay - Time is Running Out.

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• If you've yet to register for your priority pack, act now - Callfree Fidelity InvestorLine on 0800 414191. Our representatives are available from 9 am to 9 pm, 7 days a week. Alternatively, talk to your Stockbroker or Independent Financial Adviser, or return the coupon.

APPLICATIONS MUST BE RECEIVED BY 10 AM ON 29TH OCTOBER.

Please note that past performance is no guarantee of future returns and that the value of shares and the income from them may go down as well as up in which case an investor may not get back the money invested. The tax advantages will depend upon an investor's personal circumstances. This advertisement does not form part of any offer for securities and any application for securities should be made on the basis of the information in the Listing Particulars alone. The Fidelity European Values PEP is offered and managed by Fidelity Investments Limited, a member of BMO. Fidelity European Values PLC is managed by Fidelity Investments International, a member of BMO, based by Fidelity Investments International on behalf of itself and Fidelity Investments Ltd.

Callfree 0800 414191

To: Fidelity Investments International,
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..... The Health Fund is the top performing unit trust over one, two and three years to 1st October 1991, beating the World Index and all other unit trusts.

..... **£1000 INVESTED OVER 3 YEARS TO 1.10.91**
THE HEALTH FUND £1,267
Second best fund in the sector £1,082
Average of all unit trusts £1,185
Morgan Stanley CI World Index £1,175
Health Fund price since launch + 87.57%

*UTA sector, international growth, basic income units with net income reinvested, offer to bid, index calculated on same basis. Source: Mirocal.

..... Framlington Unit Management Limited has won many awards over the years from the UK financial press.

..... It is part of Framlington Group plc whose subsidiaries manage unit trusts and institutional funds in excess of £2.4 billion.

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071 374 4100

To: Framlington Unit Management Limited, Freeport, London EC2B 2TT (Member of DMO, Lauto and the UTA). Please send me details of the Framlington Health Fund.

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Please tick if Framlington investor ☐

FRAMLINGTON the HEALTH FUND

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Save & Prosper believes that right now UK smaller companies could offer you a big investment opportunity. Smaller companies have historically provided far better long-term results than their larger counterparts and the market as a whole. This is because:

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The UK economy appears to have started to recover from recession. Interest rates have dropped from 14% to 10.5% since the beginning of the year. Inflation is falling and the CBI is forecasting an upturn in business before the end of the year.

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Save & Prosper has a strong investment record in the sector and prides itself on its specialist approach to managing UK smaller company investments over nearly 25 years. Research in this sector is important. As part of Flemings we have access to extensive group research which involves smaller companies visits worldwide. This included over 500 visits to UK smaller companies in 1990 alone.

Find out more about the opportunity offered by our UK Smaller Companies Growth Fund and Smaller Companies Income Fund, including tax-free investment through a PEP. There is a 1% bonus allocation of units on sums of £3,000 or over if we receive your application no later than 1st November. Talk to your financial adviser, fill in the coupon or call us free now.

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To: Save & Prosper Group Limited, FREEPOST Romford RM1 1BR.

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UK Smaller Companies Growth Fund ☐

Surname _____ Initials _____

Address _____

Postcode _____

Home Tel (STD Code) _____ No

Work Tel (STD Code) _____ No

No valuation will be made. However, evidence from our Investor Services Department may telephone to ask if you'd like further information.

THE PRICE OF UNITS AND THE INCOME FROM THEM MAY FALL AS WELL AS RISE. TAX CONCESSIONS ARE SUBJECT TO STATUTORY CHANGE. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE SUCCESS. SAVE & PROSPER GROUP LTD. IS A MEMBER OF DMO AND LAUTRO.

SAVE & PROSPER

THE INVESTMENT HOUSE

FINANCE & THE FAMILY

Cracking the code of life

READ THE small print of the Securities and Investments Board's discussion document on disclosure, and you will find some good ideas - about small print.

As Barry Riley points out in the Long View, SIB ducked the most important issues. We still cannot find out exactly how much commission a salesman has been paid to encourage him to sell a life policy.

But anyone alert enough to read the small print should be able to find vital information to assess the worth of the investment. Just make sure you read it.

The main points are:
■ **Surrender Values**
The value you would receive if you surrendered your policy early must be stated. The innovation is that the value of the policy for each of the first five years must be printed next to the total amount of premiums which would already have been paid in.

This should make it much easier for novice investors to realise that they may not get back all their money unless they hold on for the long term.

■ **Effect of Charges**
The effect of total office expenses (commissions, plus wage bills and general administration) must be shown. However, the current "reduction in yield" (RIY) calculation, used to show this, can be misleading.

SIB now says it should be supplemented by other information to make the full weight of administrative expenses and their effect on performance more clear.

RIY, a triumph of actuarial science, shows how many percentage points office expenses would deduct from a projected investment yield (of 7 per cent in the case of endowments, and 8.5 per cent for pension policies). It thus produces a pitiful figure.

For example a 4 per cent RIY may not ring the alarm bells. But it should. An office with a 4 per cent RIY will only be able to deliver you 3 per cent yield per year, even if its investment return is 7 per cent. It is so inefficient that your return is less than half what it might be.

Almost any sensible system will demonstrate the effect of charges more clearly than RIY. SIB is leaning towards showing "reduction in total policy proceeds", which rams home the point. Some excellent research published earlier this year by Provident Life, a non-commission paying life office, converts RIYs into reductions in final fund. A 4 per cent RIY would reduce the maturity value of a 30-year endowment by 51.5 per cent, and of a 25-year endowment by 44.5 per cent.

Other suggestions, in a document published by Lauto, the life assurance regulator, to coincide with the SIB document, include charges expressed as a level percentage reduction of annual premium. This tells you how much of your money is effectively invested, but it ignores the fact that charges vary over the life of a policy. It could renew misunderstandings of the penalties for early surrender. Lauto has also suggested splitting initial and subsequent costs.

The pros and cons of all these involve matters of high actuarial science, but some system which tells investors how bad early surrender values are, and then demonstrates the effect of cost through either a reduction in level pre-

miums or a reduction in what is eventually paid out, should be a leap forward from what we have at present.

■ **Charges in Illustrations**
In illustrations of product performance, Lauto currently tells companies to assume a fixed level of charges. This in fact bears no relation to the weight of charges which the particular office has had in the past, and is well below the average. This system gave no incentive for expensive offices to improve their act, and it also prevented the less efficient offices from parading their wares as effectively as they would like.

The industry is thus likely to welcome SIB's proposal that illustrations are made on the assumption that past charges are maintained. It will, however, require careful regulation to ensure that offices are not massaging their accounts to appear more efficient than they really are.

■ **Warnings**
SIB is suggesting that potential investors are presented at the point of sale with a simple list of key facts about the product they are buying. Interested parties are welcome to make suggestions. However, the following suggestion, from SIB's paper, does seem to make problems clear: "WARNING! You will probably get back less than you put in if you stop the policy early on. Don't buy unless you expect to go on paying the premiums."

Another suggestion is to say: "They are not like accounts in a bank or building society." This seems worth doing following some of the tactics used for marketing with-profits bonds earlier this year.

■ **Commission Disclosure**
This is the big let-down. Potential buyers will still only find out the commission paid to an independent adviser if they specifically ask for it. It will remain impossible to find out the commission which has been paid to a tied agent or directly employed salesman.

SIB has taken the view that product providers could scupper any formula for commission disclosure via subtle changes to their systems of remuneration. As tied agents cannot disclose commissions, therefore, SIB is leaning towards total disclosure from the independent sector.

The total burden of administrative expenses, including commission but not itemising it, does have to be shown by all providers. SIB reasonably argues that this information is more important than commissions on their own. The logic seems a little impeccable, which makes it all the more depressing. This judgment is in many ways an admission of defeat.

However, the way could be open for more healthy competition in the industry. In the past, poor investment performers could simply increase their commissions to lure intermediaries into selling policies. This increases costs, and makes policies still worse value. Under SIB's new disclosure rules, it should be possible to spot the offices which are caught in this vicious circle.

None of this is yet written in stone. Both documents are discussion papers, and comments should be sent to SIB or Lauto by December 30.

■ **Retail Regulation Review - Discussion Paper 3 Disclosure**, available from SIB. £10.00.

John Authors

Taurus delay

TAURUS, the London Stock Exchange's computer system for paperless settlement of share trades, will not now be introduced until April 1993 at the earliest - 18 months later than originally planned.

The announcement was met with a mixture of relief and resignation by securities firms, many of which had been struggling to have their own compatible computer systems in place before the May, the previous deadline.

More important for private investors, the delay may mean another year in which stamp duty is payable when they sell shares. The government has pledged to repeal stamp duty when Taurus comes into effect.

The Treasury said last week that the situation would be reviewed in the light of the delay, leaving open the possi-

bility that stamp duty will be repealed in the March Budget. However, the government will be loathe to give up its £200m a year in revenue from share dealing while public spending is rising and revenue from other areas is falling.

The delay in introducing Taurus is largely due to problems in writing the complex computer programmes which will drive the system. But the stock exchange has also yet to agree with the Department of Trade and Industry on the regulations which will govern how the system is used.

The stock exchange hopes to reach agreement with the DTI next month. The new regulations will be read closely by consumer groups demanding adequate protection for the UK's 10m private shareholders.

Simon London

The Week Ahead

SMITHS Industries is expected to report relatively good news on Wednesday. Annual pre-tax profit is estimated to be just £23m down at £117m. Its expertise in refurbishing old aircraft will have buoyed up the defence-dependent business, which accounts for half of group turnover.

McKechzie, the Walsall-based metal and plastic components group, has been

with recession better than many of its peers. But annual pre-tax profit is still estimated to have declined to between £21m and £22m, from £28m. It reports on Tuesday.

Hints that Californian operations have performed more poorly than expected have led analysts to downgrade forecasts for Wolseley, the plumbing and building materials group.

TAKE-OVER BIDS AND MERGERS				
Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid per share**
Anglo Scandinavian	88-95	88	83	329.29
Bazart	1175	116	116	18.0
Caparo Inds.	64-5	62	47-4	12.245
Carbo	24955	245	230	32.26
Cranphorn	125-2	125	81	20.72
Douglas (R.M.)	505-4	458	520	78.55
Hawker Siddeley	72255	741	640	1,430n
Interlink Exp.	311	308	300	50.54
Invergor	275	275	163	349.89
Macarthy	287	276	168	79.00
Racal Elect.	505	50-2	51	822.50
Sovereign Oil	152-5	145	105	4.25
Torday Carls	918	109	64	13.69
Ultramar	314	350	277	1,160n

*All cash offers. **For capital not already held. ***Special offer. 230m pre-tax 19/10/91. 141m pre-tax 19/10/91. 930m pre-tax 19/10/91. 4 For 20% not already held. 4 Shareholders can choose to accept a cash offer worth 400p for each 100 shares held. 4 Based on estimated FAV of AGT.

PRELIMINARY RESULTS						
Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)		
Air London	Jul	1,200	(823)	8.9	(6.2)	3.2
Castle Combs	Jun	2,020	(1,870)	19.5	(20.7)	8.5
Credley Group	Jun	907	(1,650)	1.8	(3.8)	1.0
European Leisure	Jun	5,290	(6,660)	3.05	(6.37)	0.7
Finlan	Mar	15,700	(8,300)	1.3	(-)	(-)
Fisher (Alber)	Aug	89,050	(74,420)	10.36	(9.81)	3.75
Highland Distilleries	Aug	22,200	(25,700)	15.1	(14.0)	5.52
Kalamazoo	Jun	3,880	(1,070)	7.0	(2.2)	2.0
Lloyds Chemists	Jun	20,800	(13,600)	20.96	(17.35)	4.17
London & St Lawrence	Aug	804	(592)	1.4	(3.15)	3.06
Lucas Industries	Jul	83,600	(191,200)	8.2	(20.2)	7.0
Lykes (S.)	Jun	615	(802)	7.42	(7.15)	4.45
MV Holdings	Aug	547	(2,050)	1.56	(-)	0.5
Multistrut	Jun	70	(9)	0.25	(-)	2.0
Paterson Zochonis	May	25,400	(25,000)	32.19	(30.51)	10.4
Prestwick Holdings	Jul	109	(1,200)	(-)	(2.8)	1.5
Raglan Property	Mar	4,000	(13,400)	14.6	(19.5)	5.0
St Ives	Aug	20,200	(28,100)	25.1	(28.0)	5.3
Tay Homes	Jun	8,280	(8,510)	12.6	(12.84)	3.3
Thorntons	Jun	11,900	(11,200)	12.6	(12.84)	3.3

INTERIM STATEMENTS				
Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)	
Atlas Converting	Jun	3,050	(3,100)	7.6 (6.5)
Berks	Aug	403	(902)	2.0 (2.0)
Beauford	Jun	240	(2,290)	1.85 (1.85)
Bertram	Jun	418	(338)	- (-)
Boat (Henry)	Jun	2,070	(1,960)	7.5 (7.6)
Britannia Group	Jun	3	1,130	1.0 (1.5)
Brookes Service	Jun	336	(585)	1.3 (1.24)
Brown (H.)	Aug	6,030	(5,510)	1.75 (1.55)
Business Technology	Jun	154	(585)	- (-)
Cohen (A.)	Jun	555	(1,250)	6.6 (6.6)
Crossroads Oil Group	Sep	286	(18)	- (-)
Crown Eyeglasses	Sep	242	(79)	2.0 (-)
Dean & Bowes	Jun	301	(1,710)	0.25 (2.75)
Dovell	Jun	580	(717)	1.32 (1.32)
Elavick	Jul	1,010	(1,510)	0.22 (0.22)
Expedit	Jun	1,420	(584)	- (-)
Farnell	Jul	13,300	(15,800)	2.6 (2.5)
First Maryland	Sep	29,700	(23,890)	- (-)
Forward Technology	Jun	635	(1,130)	1.4 (-)
Gates (Frank G.)	Jun	62	(53)	- (-)
Gerrard & National	Oct	-	(-)	6.0 (5.0)
Grampian Holdings	Jun	4,120	(3,310)	1.7 (1.5)
Hammerman Property	Jun	31,200	(33,600)	3.5 (3.5)
Harding Group	Jun	151	(40)	- (1.1)
Helene	Jun	705	(1,820)	0.65 (0.65)
Hunting	Jun	15,600	(19,300)	4.0 (4.0)
Jarmy Investment	Jun	105	(155)	- (-)
Jones Group	Jun	2,560	(2,180)	4.0 (3.0)
Lilly	Jun	1,730	(6,520)	1.0 (1.0)
London Atlantic	Sep	647	(910)	0.75 (0.75)
Palma	Jul	180	(909)	- (-)
Polymark	Jun	402	(331)	0.5 (1.0)
Robinson (Thomas)	Jun	22,300	(10,400)	- (1.5)
Roskel	Jun	548	(1,370)	1.3 (1.3)
Sillemight	Aug	4,620	(4,500)	2.25 (2.25)
Singapore (H. C.)	Jun	82	(272)	2.0 (2.0)
Smith (James)	Sep	557	(525)	1.25 (1.1)
Stanhope Properties	Jun	77,400	(15,000)	- (0.1)
Tudor	Jun	94	(104)	0.5 (1.0)
Venturi Int Tel	Sep	101	(110)	1.4 (-)
Westminster Staff	Jun	394	(320)	- (-)

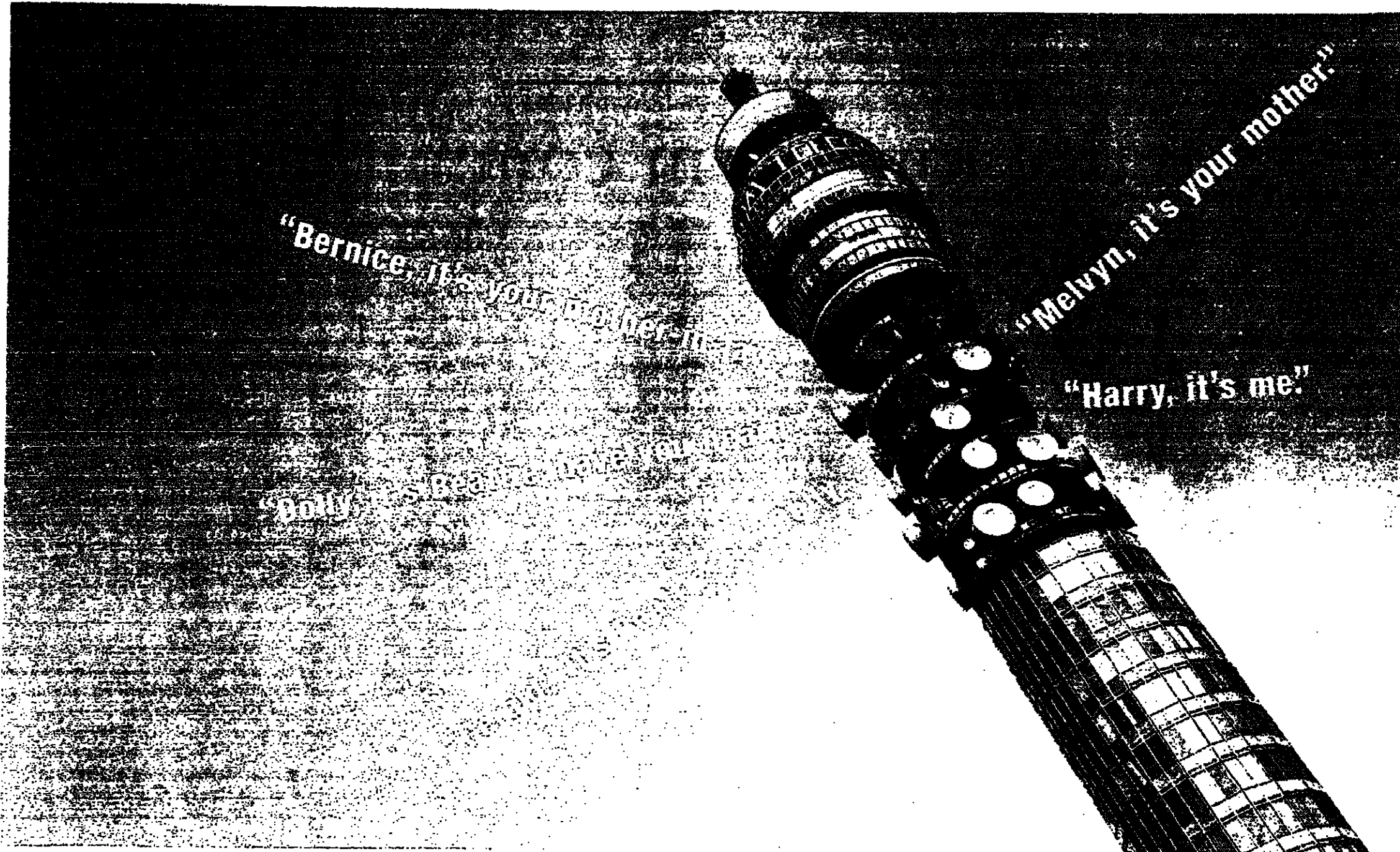
(Figures in parentheses are for the corresponding period.)
Dividends are shown net of tax. *Except where otherwise indicated, L = loss & - = nil.
† Figures in parentheses are for the corresponding period.

RESULTS DUE

Crossroads Oil Group is to raise £2.1m via a 1/3 rights issue at 20p.
Fruit Group is returning to the stock market via a £50m placing & offer at 20p.
Heronair is to raise about £1.4m via a placing at 100p.
Morgan Grenfell is to raise up to £30m via an offer for subscription at 100p.

RESULTS DUE				
Company	Announcement due	Last year	This year	
Amber Day Holdings	Tuesday	1.07	2.45	1.07
Afterwoods	Monday	0.7	1.3	0.9
British Assets Tel.	Wednesday	3.25	3.25	1.75
Cydemdale Int. Tel.	Friday	0.97	(-)	1.03
Collegen	Monday	1.00	2.45	1.00
Edinburgh Int. Tel.	Tuesday	2.50	4.50	2.75
Emoor Dual Invest.	Tuesday	2.25	2.00	2.45
Govett Strategic Int. Tel.	Thursday	2.50	4.00	2.65
GR Holdings	Thursday	0.40	1.75	0.40
Investors Capital Tel.	Friday	1.22	1.25	1.27
Malcolm Int.	Thursday	1.50	6.00	2.50
McKechzie	Tuesday	8.00	8.75	8.00
New Frontiers Trust	Friday	0.75	1.00	(-)
Northsea Investments Int. Tel.	Monday	0.75	1.65	0.75
Pacific Horizon Invest Tel.	Monday	0.75	1.65	0.75
Prease Holdings	Tuesday	0.75	1.65	0.75
Southern Newspapers	Wednesday	3.60	6.30	3.60
TR Far East Income Tel.	Monday	1.00	1.00	1.10
UDC Holdings	Friday	1.35	3.24	1.62
Vandenberg Currency Fund	Friday	3.10	9.00	3.10
Wolseley	Tuesday	3.10	9.00	3.10

INTERIM DIVIDENDS			
Company	Announcement due	Last year	This year
Aberdeen Petroleum	Thursday		
Aberforth Split Level Ltd.	Thursday		
Abstract New Thai Inc.	Friday		
Airflow Dressing Inc.	Thursday	1.45	
Blackland Oil	Thursday	2.00	2.00
Bourse End Properties	Monday	1.00	1.00
Brownie Inc.	Thursday	2.00	4.40
Brittel & American Film Mfgs.	Wednesday	3.00	6.80
Casite Mill International	Friday	1.15	
City of Oxford Inc. Ltd.	Wednesday	0.93	1.18
Clayco, Son & Co.	Friday	2.50	3.90
Coastal Continental	Friday		
Craig & Rose	Wednesday	2.00	13.00
Crown Gasoline	Thursday		
Denatrol Ltd.	Tuesday	3.5	
FI Group	Tuesday	2.25	1.00
Grand Island Income Inv. Tr.	Thursday	2.25	4.14
Industrial Petroleum	Monday	1.50	
London of Lenoze	Monday	0.80	1.85
London American Ventures Tel.	Wednesday	3.00	7.90
Marshall Brownrigg Tel.	Friday		
Petroleum Group	Friday	2.00	6.00
Petrolair	Thursday	0.62	0.62
Radiotrol	Thursday	1.5	1.5
Rowe Evans Inc.	Thursday		
Scottish Mortgage & P.	Tuesday		1.00
Securities Tel. of Scotland	Thursday	1.10	2.25
Shelco	Friday	0.90	1.92
Shelco Holdings	Friday	0.50	1.00
Waterford Glass	Monday		
Wescott	Tuesday		
Wescott	Friday	1.15	2.25



In case you hadn't heard.

If you've had your ear to the ground lately, you've probably heard talk about a forthcoming share offer. But if for some reason you haven't, listen very carefully, and you'll soon find out what it's about.

This November, a portion of the Government's remaining shares in BT will be offered for sale.

If you'd like to find out more, you can register your interest now with the BT Share Information Office. You'll be sent an information pack telling you about the company and the share offer. It'll also tell you about the Share Shops and how to select one. Later on, you'll automatically be sent a prospectus and a special application form.

Simply fill in the coupon and send it to the address below, or just phone 0272 272 272. Then you may want to call a few other people. Because, as you can see, the chance to register is not the sort of thing you can keep to yourself.

Phone 0272 272 272. You could buy a bit of BT.

To register persons under 18, please do not use this coupon but call 0272 272 272. This coupon is to be used by individuals only.

Title (Mr/Mrs/Ms/Miss) _____ BLOCK CAPITALS PLEASE

Full Forenames _____

Surname _____

Address _____

Postcode _____

Please complete and send to the BT Share Information Office, R.O. Box 1, Bristol BS99 1BT.



FINANCE & THE FAMILY

How to . . . choose a Personal Equity Plan

Attractive long-term commitment

PERSONAL Equity Plans can be an attractive, tax-efficient means of saving. They are being sold heavily this year as the general election approaches - if Labour wins, it is expected to abolish the PEP system, although old plans would continue.

PEPs allow investors to buy shares in companies, unit and investment trusts without paying tax on dividends, or capital gains. Like all equity-based investments, they should be regarded as a long-term commitment.

They appeal primarily to two classes of people. The first is those looking for income. A high-yielding PEP can offer an attractive and growing tax-free income. M&G's recent investment trust offered a 6.56 per cent yield, the equivalent of 11 per cent gross for a high rate taxpayer.

The second area for attraction is for wealthier investors who use up their annual £5,500 capital gains tax exemption. Putting a large sum into a PEP each year allows the investor to build up considerable tax-free gains. However, those looking for either income or capital gains will find that PEP charges mean that it can be several years before they make any real net savings in tax.

The limit on investments into a PEP in any one tax year is £5,000, although plans which invest only in unit trusts or investment trusts are normally

limited to £3,000. An individual has previously been able to take out only one PEP a year, but from January 1992 it will be possible to open a second PEP, investing a maximum of £3,000 in a single company's shares. Husbands and wives can each have a full PEP.

Previously, PEPs had to have at least 50 per cent of their assets in the UK to get the full allowance; those which did not do so were restricted to

Scheherazade Daneshkhu looks at one way of pepping up your savings

£1,500. In the Budget, the government extended this 50 per cent limit to EC countries; but regulations associated with this change have yet to appear. An exception to the rules is new issues. A full £5,000 of a new issue can be placed in a PEP, a provision which has greatly helped the investment trust industry. New trusts have been marketed heavily on the basis of the £5,000 PEP allowance.

If you want to buy shares,

rather than unit or investment trusts, there are three basic routes. Corporate PEPs hold the shares of one individual company.

They are used by companies to widen their shareholder base and as a service for employees who had bought shares in the company under a Save As You Earn or share option scheme. As from January, the £3,000 single company PEPs will be added to this cate-

gory; in theory, you could place £3,000 in a single stock next year.

Most people will want to spread their risks rather more than one share in your PEP, you have two choices. If you know exactly which stocks you wish to hold, you can do so in a self-select PEP. Otherwise, you need a managed PEP, in which a financial company chooses the stocks and runs the PEP on your behalf.

So how do you decide which of the 400 or so available PEPs is right for you?

Investment amount. Are you able to put the full £5,000 into the PEP, or would you want to put in much less? The limit on investment in a unit or investment trust PEP is £3,000. If this is your maximum saving for the year, unit or investment trust PEPs would probably be the best. You will achieve a much better spread through one of these funds than with other types of PEP and charges should be lower. Many unit and investment trusts will "PEP" your savings (subject to a minimum) at little or no extra cost. For example, most investment trusts will "PEP" savings as low as £100 a month.

John Spiers, of Best Investment (071 936 2037) which publishes *Best PEP Advice* and *Best PEP Selections*, has reservations about the recently launched investment trusts specifically designed for the PEP market. "It is a nice idea to have £5,000 in one trust," said Spiers, "but you only have a choice of three or four compared to 400 PEPs elsewhere."

Spiers says the new launches tend to have a higher charging structure than other investment trusts, with some having charges of 6-7 per cent in the first year.

Be careful when you place partly paid shares into a PEP; this may cause complications when it is time to pay for the second instalment.

Performance. This is a hard one. PEPs have been going for only four years and that in a market trying to recover from the 1987 crash. Since PEPs have been launched at different times in different years, comparison is difficult.

However, it is obviously possible to compare the record of unit and investment trust PEPs over similar time periods. Chas de Vere (071 404 5765), which publishes *PEP Guide*, says it is not possible to make a "meaningful and fair comparison" between most PEPs. Instead, it urges investors to assess the expertise of the management group. Do they have a track record in this sector? How have they performed against market indices? Do they have the resources to maintain a long term commit-



ment to PEPs? are the vital questions. PEPs have an initial charge of anything from 1 to 6 per cent and an annual management charge of roughly

his CGT allowance) a 5 per cent charge is a turn-off. If the PEP pays an income of, say, 3 per cent, it could take nearly seven years for any tax saving to earn back the initial charge.

In general, the self-select PEPs are cheaper and are particularly good for investors who already have a diversified portfolio of shares. You will have to "bed-and-breakfast" these shares by selling them and then buying back to be able to put them into a PEP.

Best PEP Selections uses "Immediate Realisable Value" to compare charges on the most expensive PEPs, which are fully-managed or discretionary. This is based on what you get for cashing in your PEP immediately after buying it. Thus it incorporates all the main charges as a percentage of your investment. A PEP with an IRV of 98 would be exceptionally good value and one of 88 would be expensive.

Spiers selects his top three managed PEPs on a combination of performance and charges. These are the Newton Mixed (IRV of 91.6 per cent), Fidelity Growth (IRV of 92 per cent) and Perpetual High Income (IRV of 92.5 per cent). PEPs will be marketed vigorously towards the end of the tax year. However, do not base your investment solely on the tax savings - you must be committed to holding your plan long term to make a decent profit and to earn back the charges.

NI rebates vanish down black holes

BY THE END of this month, 4.5m people will have seen the value of their personal pension account increased by up to £1,300, courtesy of the Department of Social Security. This is the maximum rebate an employee is eligible for if he or she used a personal pension to contract out of the State Earnings Related Pension Scheme (Seps) for the 1990-91 tax year.

But the system, in theory a simple rebate of employees' National Insurance contributions, has become a Heath Robinson contraption. There are so many wheels and sprockets, pulleys and chains, that breakdown is inevitable and when it happens it is virtually impossible to trace the cause.

Concealed at intervals along the production line are black holes into which rebate money can slip unnoticed and unclaimed for months on end. The rebate system appears to be run by the DSS for the benefit of pension providers - there is no direct contact with the consumer.

The rebate, which should reach your pension provider by the end of October at the latest, is calculated as a percentage of your "middle band earnings" for a given tax year. Middle band earnings are those which fall between the NI lower and upper earnings limits. For the 1990-91 year, these limits were £2,392 and £18,300, giving maximum middle band earnings of

£15,908. This figure is multiplied by 8.47 per cent - the rebate rate for 1990-91 - giving a maximum of £1,339. Bear in mind that the rebate is calculated on a monthly basis. If your earnings fell below the upper NI limit in any month, you will not get the maximum rebate even though your total annual earnings were over £18,300.

Further confusion arises for job-changers. If you have more than one employer during the tax year, the DSS will calculate a rebate for each period of employment and send out separate payments.

A particular problem affects employees leaving a job within two years of joining the company final salary scheme. Here, it is possible to take a cash refund of contributions after a deduction is made for tax and back-payments of NI contributions to cover Seps benefits. If you are in this position, although your NI contribution record is complete, you cannot get a rebate under a personal pension for any months covered by these back-payments.

The Contributions Agency, the section of the DSS that calculates the rebate and sends it to the provider, relies on the employer to send accurate information, but employers do make mistakes. The DSS can usually retrieve the rebate money from this particular black hole but it takes time and delay your investment. Chartered accountancy firm Blick Rothenberg identified

a further problem that often arises during a recession when troubled companies sometimes do not pay NI contributions to the DSS. Martin Korn, a partner with the firm, said: "If your employer hasn't paid over your contributions or correctly dealt with this matter, you are still due your credits and the rebate. The onus is on the employer not the employee - but you might have to fight for your rights through the DSS."

Once the provider receives the money from the DSS, it should be invested immediately into your personal pension account. This does not always happen and it is not easy to check because there is no industry-wide procedure.

Norwich Union, Standard Life, Legal & General and Sun Life notify clients each time they receive DSS money and note the tax year to which it applies, plus the date the money was invested.

Others follow the example of Prudential, which sends out annual statements on the anniversary of the policy date simply noting the amount of money received from the DSS over the past 12 months. Under this system, there may be a delay of up to 12 months before receiving notification of rebate if you took out a policy in the spring. Dealing with errors at this stage would be difficult, particularly if the DSS payment spanned two tax years and the provider gave no breakdown of money received.

Clearly, it is vital to press providers for timely and detailed information. When you receive your notification, you should take up a query about the allocation of contributions with the provider but if you disagree with the amount of the rebate, write to the Contracted-Out Employment Group, Contributions Agency, Newcastle upon Tyne NE98 1YX, quoting your NI number and the name of your personal pension policy as it appears on your contribution notification.

Debbie Harrison

EARLIER THIS week, I posted a cheque for the second instalment on my regional electricity company shares to meet the payment deadline of 5pm on October 22.

More than 1m people had their original applications for electricity company shares scaled down in the public share offer last year. I was one of them. My wife, two daughters and I each received 200 shares in our local company, Southern Electric. We have retained the shares because the rewards have been quite good.

Already, for each £200 originally invested, we have received electricity vouchers worth £36 to offset against our electricity bill, plus a dividend cheque for £20.24. My wife and two daughters will also claim back, at the end of the tax year, a further £5.74 each. As their earnings are too low to pay income tax, they can utilise the £5.74 tax credits on the dividends and claim back deducted tax from HM Inspector of Taxes.

Southern Electric's share price has also performed well, being more than double the price at which the shares were first offered. As to the company's prospects, I was fortunate enough to be able to attend Southern Electric's annual meeting earlier this month in Bournemouth. That meeting helped persuade me to pay the second instalment on my shares and view them as a long-term investment.

Southern Electric seemed to have made considerable efforts

Diary of a Private Investor/Kevin Goldstein-Jackson

A plug for electricity

to please its shareholders. In the chairman's "Message to Shareholders" he stated that the Bournemouth International Centre had been chosen as the venue for the meeting because of its "modern and flexible meeting facilities, as well as its ease of access by rail and road transport."

Free tea, coffee and a nice selection of biscuits were available. For more than 1½ hours before the start of the meeting, and for a considerable time afterwards, Southern Electric staff were available to answer shareholders' queries as well as to deal with any "customer problems".

I took with me the admission card sent with the annual report and accounts, as the card stated that it was "evidence" of my right to attend and vote at the meeting. However, a steward rejected my card as it only had the name "Kevin" printed on it by the Southern Electric's computer.

As no one appears to have nominated me for a peerage so I can be Lord Kevin, and as Southern Electric is not so informal as to call their shareholders just by their first names, I was asked to take the card to the shareholder inquiry desk and have it validated with my full name and replaced. All this was accomplished with courtesy and tact.

Inside the hall, a large area had been set aside for the disabled and the hard of hearing and, throughout the meeting, a lady stood at one side of the stage and interpreted in sign language.

The proceedings began with a five-minute film describing some of Southern Electric's operations. Then the directors of the company walked on to the stage, which had been tastefully decorated with white classical columns against a blue background, with small,

It's worth retaining a modest holding for the annual free show and tea and biscuits

winkling star lights.

The chairman, Duncan Ross, handled the proceedings in a friendly but businesslike manner. After outlining the company's performance and introducing the other directors and explaining the various formal procedures for the meeting, it was time for questions.

There were about 500 shareholders at the meeting, but few chose to speak. Many of the

questions were asked by members of Southern Electric's staff (who are also shareholders) even though they had already had an opportunity to ask such questions during road shows and briefing meetings with the management.

One shareholder, a lady from Winchester, described her four years of problems with her central heating system. The managing director said there was "no excuse for the saga" and he would look into the matter personally. The chairman, too, said he deals personally with any letters sent to him.

There were also the expected questions about the "grotesque increases in salary" of the chairman and directors. The chairman of the remuneration committee, the Hon. Geoffrey Wilson, was deputed to answer and he referred to the need to attract and retain key members of staff, the changed nature of the company since privatisation, and so on.

To people sitting behind me, the Hon. Geoffrey Wilson's cultured tones did not go down too well. Perhaps they would have preferred a cockney voice to have confirmed "they ain't ripping you off mate, they deserve the money!"

One questioner said: "Eleven muppets could run the company - it's a monopoly," and asked: "If salaries were too low

before privatisation, why weren't the management heads hunted or why didn't they leave?" The chairman explained the difficulties they had had before privatisation in securing certain people for particular jobs. He also said: "Directors should be paid the rate for the job. If we don't perform you can get rid of us." Admirable sentiments.

After some more questions and with the passing of all the resolutions, the chairman declared the meeting closed, less than 1½ hours after it began. There was applause from the shareholders, followed by the gravel voice of a male blues singer who started a song that began: "Oh Baby, I Learned How to Dance."

There were mild chuckles at this as the shareholders left the hall for more free refreshments.

I would strongly urge all shareholders in electricity companies and who have a share to spare to attend their company's annual meeting. It is an interesting, and pleasant, experience. Also, if you have any long-lasting problems with your electricity supply or a problem bought from an electricity company show room, write to the managing director or chairman pointing out that you are considering raising the problem at the next AGM. The likelihood is that the problem will be sorted out very quickly.

It is worth retaining a modest holding of electricity shares just for such impetus to action - and for the annual free show and tea, coffee and biscuits.

Policyholders opposed to the deal should contact Douglas McGhee, of accountants FL Walker & Co, at 061-249-4211.

John Authors

Mutual disagreement

is, that eventually Scottish Mutual and Abbey National will be free to scoop whatever costs they like out of the with-profits fund.

In the short term, the deal has attractions - conventional with-profits policyholders will get a bonus of 4 per cent on the sum assured, plus an additional 6 per cent on accumulated bonuses. Holders of unitised with-profits policies will get a 4 per cent bonus on the current bid price value of units, plus an additional 4 per cent of future regular premiums into with-profits units as at January 1 1992.

The Abbey move was followed by the establishment of a joint venture between National Westminster and

Clerical Medical, and McCann now also worried about the implications for independent advisers. Two of the major supporters of independent advice have basically succumbed to commercial pressure. I predict Scottish Mutual's complete closure as a company within five to ten years, because independent will feel that they cannot support a company which they compete with in the high street.

Not all independent financial advisers take McCann's view. Kenneth Davy, chairman of DBS Financial Management, said: "I wouldn't consider it damaging to the independent sector. The decision was made for reasons unrelated to independent advice, and the more artificial interference you have with what you could call normal commercial judgment, the less desirable it is for the industry."

The 175,000 policyholders eligible to vote, should have received details by post. Voting forms must be returned by November 9, although policyholders can vote in person at the special general meeting in Glasgow on November 11. At least 75 per cent of voters must be in favour for the decision to be approved. The court in Edinburgh must also give approval.

Policyholders opposed to the deal should contact Douglas McGhee, of accountants FL Walker & Co, at 061-249-4211.

John Authors

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Directors' Transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Cadbury Schweppes	35,000	148	1*
CRT	2,050,000	2,296	4
Hatfield (James)	30,000	111	2
Hoskyns	410,000	1,599	4
Invesco MIM	55,000	57	1
Isobron	15,500	30	4
Kleinwort Benson	50,000	170	1
NP	73,245	90	1
Pittard Gardner	100,000	180	1
Pittard Gardner	75,000	73	2
Sage Group	10,000	27	1
Smith & Nephew	20,000	25	1
Weiss Group	50,000	134	1
WSP	30,000	21	1
PURCHASES			
Asoco Nursing Serv.	28,080	20	3
British Aerospace	4,000	16	2
Bulmer (P.L.C.)	4,450	12	1
Cpt & Reg Property	35,000	39	2
Dencora	50,646	60	1
Ent'prise Computers	2,050,000	184	1
Freeman Group	10,000	10	1
Holmes Protection	1,250,000	563	1
Peel	23,000	15	1
Suter	20,000	26	1
Venture Plant Group	719,729	18	3
Walker Greenbank	25,000	14	3

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. * Includes the exercise of options (if) at a value over £10,000. Information released by the company.

THE BEST RATES FOR YOUR MONEY

Account	Telephone	Notes/term	Minimum deposit	Rate %	Unit
INVESTMENT A/Cs and BONDS (Gross)					
Southdown BS	0273 471571	Instant	£10,000	10.25%	Y/Y
Bradford & Bingley BS	0345 247247	Instant	£1,000	11.50%	Y/Y
Britannic BS	0800 636263	Instant	£2,000	12.15%	Y/Y
Northern Rock BS	081 285 7191	80 Day	£50,000	11.61%	M/Y
Lancashire BS	081 845 1021	31.8.92	£25,000	12.25%	Q/M
Chelsea BS	0800 272525	2 yr Option Bond	£5,000	12.20%	Y/Y
Leeds & Holbeck BS	0532 459511	Special BondShare	£10,000	12.25%	Y/Y
TESSAs (Tax Free)					
Allied Trust Bank	071 626 0879	5 Year	£9,000	13.24%	Y/Y
Canterbury Life FN	0372 742211	5 Year	£3,000	13.10%	Y/Y
Lambeth BS	071 529 1331	5 Year	£20	12.90%	Y/Y
Darlington BS	0225 457771	5 Year	£1	12.90%	Y/Y

HIGH INTEREST CHEQUE A/Cs (Gross)					
Caledonian Bank	HICA	031 598 8235	Instant	£1	10.00%
UDT	Capital Plus	0734 590 411	Instant	£1,000	9.90%
Chelsea BS	Classic Profit	0242 521391	Instant	£10,000	10.70%
Northern Rock BS	Current Acc	081 285 7191	Instant	£25,000	10.71%

OFFSHORE ACCOUNTS (Gross)					
Portman Channel Islands	Channel Is Acc	0481 822747	Instant	£1,000	10.70%
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%
Alliance & Leicester (ICM)	Manxman 50 Day	0524 963966	80 Day	£25,000	11.00%
Yorkshire BS Guernsey	Key Extra	0461 719888	180 Day	£50,000	11.95%
Bradford & Bingley Douglas	Max Ind Bond III	0524 652553	1 Year	£25,000	11.78%

GUARANTEED INCOME BONDS (Net)					
Hambro Guardian FN		0800 282536	1 Year	£5,000	8.50%
Canterbury Life FN		0227 457375	2 Year	£5,000	8.75%
Prosperity Life FN		0800 521 546	3 Year	£2,000	8.75%
Liberty Life FN		051 440 8210	4 Year	£25,000	8.90%
Aetna FN		0800 010576	5 Year	£25,000	8.85%

NAT SAVINGS A/Cs & BONDS (Gross)					
Investment A/C (9.50% WEP 29.10)			1 Month	£5	10.25%
Income Bonds (10.25% WEP 28.11)			3 Month	£2,000	11.00%
Capital Bonds C			5 Year	£100	11.00%

NAT SAVINGS CERTIFICATES (Tax Free)					
36th Issue			5 Year	£25	8.50%
8th Index Linked			5 Year	£25	4.80%
Childrens Bond F			5 Year	£25	11.84%

Flow: Fixed Rate (All other rates are variable. Q/M = interest paid on quarterly, Y/Y = Yearly Rate, Y = Bond)		
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FOOD & DRINK



Liz Southern: smoothing the path to a drinks licence

Behind the Swing Door

A legal maze for those who serve

Nicholas Lander starts a new series on the practicalities of running a restaurant

IN RETURN for a mere £12.50, payable once every three years to the clerk of the licensing court, any restaurateur considered suitable by lay magistrates can obtain a licence to serve alcoholic drinks. A small investment, you may think, for what may amount for 40 per cent of the profits – but you should consider the conditions carefully.

You must ensure that you can establish a successful restaurant to make the licence worthwhile. With the help of your solicitor, you must prove yourself, and any fellow licensees, to be of suitable character. Objections from local residents, competitors and possibly the police may also have to be overcome.

I spent a morning at a City of Westminster Licensing session with a leading London lic-

ensing solicitor, Liz Southern, of Pennington's, who sometimes spends five days a week in court pleading for her clients' economic future.

A minefield, a complex and often very frustrating world, were the phrases Southern most frequently used to describe her legal world. Explanations for this complexity lie in the past and in the by-laws of our boroughs.

Part of the 1751 Disorderly Houses Act is still valid today. The paternalistic attitude towards the granting of licences and opening hours dates back to the First World War and Munitions Minister Lloyd George's desire to keep the increasingly well-paid munitions workers out of the pubs. Anyone wishing to cash in on the latest craze for karaoke must have at least three extra licences (perform-



ing rights, public entertainment and cinema graphic) and, in some boroughs, magistrates will not permit alcoholic drinks to be served at pavement tables.

Southern's job is to translate her clients' dreams of restaurants, wine bars, hotels and night clubs, into legal reality.

The onus is still on an appli-

cant to prove that he or she is not only a fit and proper person but also whether the application relating to the application needs another bar, restaurant or drinking club. Twenty-one days before the licence hearing Southern will submit the statutory notices, sample menus and wine lists, personal references, architect's drawings and artist's impressions to assuage concerns the magistrates might have.

Both the magistrates and the police will want to know about the character of a prospective licensee.

The magistrates look at two sets of plans. The first is of the proposed restaurant which has to show all the licensed premises within a quarter-mile radius and can cost the restaurateur a minimum of £350. The second is an architect's plan which shows the bar area,

location of tables, kitchens, fire escapes and lavatories. These cause headaches for the prospective restaurateur because they introduce three obstacles – the local fire officer, the environmental health officer and the police – all of whom are present in court and can raise objections which may delay opening.

The plans also give precisely the area the justices will license. If you decide to change or increase the layout of the bar area, or extend the premises, you must apply to the court for permission before starting work. This is a factor only too easily forgotten by licensees, big and small.

Over the past year Southern has been called in at the last minute to act for a national sporting ground and a big hotel after each had found building work nearing comple-

tion but licensing applications forgotten.

A restaurateur's brief encounter with the court can cost anything from £500 to £2,000, whatever the outcome. However, the recession has not lessened the demand for Southern's skills. While big companies have shelved expensive plans for leisure complexes, many clients have been attempting to extend their licensing hours to maximise revenue. Wine bar applications have been replaced by those for brasseries, which stay open longer, have greater appeal for women and families.

In the past 18 months Southern has seen a new type of client emerge: those with a redundancy cheque in their pockets and their sights set on a liquor licence who are hoping to find a pot of gold behind the swing door.

Cookery/Philippa Davenport

A celebration of apple appeal

APPLE DAY was born on October 21 last year. Its birthplace, appropriately enough, was Covent Garden, London. This year the celebrations will be further flung, with apple events held up and down the country.

Organised by enthusiasts of all sorts, there will be apple tastings and identification parades, orchard tours and apple wood carving, apple bobbing and wassailing, the replanting of an orchard, cider pressing and cooping, pruning demonstrations, apple pie competitions, and more.

Common Ground, which started it all last year, has chosen Apple Day to publish a charming slip of a book, just right for Christmas stockings. *The Apple Source Book* (Common Ground, £4.95) offers a gazetteer of regional apple varieties, a list of specialist nurseries and fruit farms where good selections are to be found, a lovely introduction to the diversity of British apples by Dr Joan Morgan and a choice handful of recipes, two of which I quote below.

A few years ago it was difficult to find much more than Cox, Bramley and French Golden Delicious in our shops. Now supermarket rivals are in hot competition to become apple supremos. Safeways, Sainsbury and Marks & Spencer intend to woo us with 20 or so "traditional" or "old-fashioned" varieties of apple apiece. Common to all their selections are such old favourites as St Edmund's Pippin (alias St Edmund's Russet),

Ashmead's Kernel, Ellison's Orange, and Kidd's Orange Red.

Marks & Spencer plans to sell Ribston Pippin, my father's childhood favourite. Some of Sainsbury's fruits will be organic, and Safeways boasts some grown at Brogdale, where the national collections of orchard fruits are kept and new varieties undergo trials.



APPLE & FENNEL SALAD
Patricia Hegarty of Hope End Hotel serves this lovely salad on its own or to complement cold pork, chicken or pâté. She recommends an aniseedy apple such as Ellison's Orange, or crimson Belle de Boskoop to point up the emerald of the fennel fronds.

2 Florence fennel bulbs; 4 dessert apples; 1 garlic clove; a large pinch of sea salt; 1 teaspoon fennel seeds; 5 teaspoons virgin olive oil; 1 teaspoon cider vinegar; 1 teaspoon Mornay mustard. First make the dressing. Crush the garlic with the salt. Whizz the fennel seeds in a liquidizer to release their aroma, then add the garlic and the remaining dressing ingredi-

ents and whizz together. Cut the fennel bulbs in half lengthways, then across in thin slices. Depending on how much fennel frond there is, either mix into the salad or reserve for decoration. Leaving the pretty peel on the apples, cut, core and slice them to match the fennel pieces. Dress the salad, tossing well to prevent the apples from browning.

CREME NORMANDE
An irresistible pudding from Sophie Grigson, to serve 6 people – or 4 after a light meal. 1 lb scented eating apples (Cox's Orange Pippin or Kidd's Orange Red); 4 tablespoons Calvados or brandy; 1 oz butter; 6 tablespoons caster sugar; 3 egg yolks; ¼ pt whipping cream; 2 tablespoons flaked almonds.

Peel and core the apples. Chop roughly and toss in the Calvados. Set aside for 1 hour. Drain off the Calvados and reserve. Either divide the apple pieces between 6 small ramekins or put them all into a single ovenproof dish. Dot with butter and sprinkle with half the sugar. Bake at 400°F (200°C) gas mark 6 for 20 minutes.

Mix the reserved Calvados with the remaining sugar, the egg yolks and cream. Take the apples out of the oven and pour this mixture over them. Scatter the flaked almonds over the top. Stand in a roasting tray, filled to a depth of 1 inch with hot water, and return to the oven. Bake for a further 20-30 minutes until the cream is almost set but not quite solid. Serve hot, warm or cold.



This pleasing illustration comes from Clare Leighton's *Four Heides*, newly reissued by Sumach Press (£14.95). Leighton's somewhat sentimental diary of a gardening year in the Chilterns is illustrated with her bold wood-engravings.

Headache for hoteliers

Nicholas Lander's mucky tale

WHERE I grew up the saying went: "Where there's muck, there's brass." Now, for those with hotels and restaurants in the country, the converse is true – where there's brass, there's muck.

Today, many countryside establishments are facing the prospect of capital spending because of new laws and, in particular, because of the way the powers of the National Rivers Authority – which strives to keep rivers clean and to preserve the countryside – are being used.

Recently, one of the UK's leading sous-chefs, keen to open his own restaurant in the country, went to seek the advice of Franco Taruschio, proprietor for the past 20 years of the Walnut Tree Inn (tel: 0873-2797) in the Welsh countryside, near Aberystwyth. Taruschio told him to forget the scenery, the size of the car park and the proximity of suppliers and concentrate on one question – was the property on mains drainage?

Country houses – many turned into hotels or restaurants – accommodate far more people now than they used to; ideally each room has a private bathroom, each hotel has a busy laundry as well as a big kitchen. So where does all the waste that is produced go?

Many proprietors, keen to preserve the countryside, are doing what they can but the cost of doing the right thing has risen sharply.

Ten years ago it cost Allan Holland, proprietor of Mallory Court near Leamington Spa in

Warwickshire (tel: 0826-30214), £15,000 to switch from a septic tank to mains drainage. Today, he estimates the cost would be nearer £40,000 and that negotiations with local farmers, across whose land he needs deeds of easement for the pipe-work, would be far more difficult and expensive.

Paul Henderson, proprietor of Giddeigh Park, Devon (06473-2367), faces the same problems but even higher costs. He knows that one of his hotel's great charms is the North Teign River which flows 50 yards from the front door. For a 14-mile stretch there is salmon, trout and sea trout fishing which lures guests from all over the world.

To cope with the demands of a busy hotel and protect the surrounding natural beauty, Henderson spent £15,000 last year on upgrading his old septic tank system (having already spent £15,000 on a water chlorinating plant). Now, after initial discussions with the rivers authority, Henderson may be required to install a complete sewage treatment plant at a cost of between £40,000 and £50,000.

Henderson wonders whether he can afford it. As a former management consultant he has already calculated the cost: last year the hotel served 9,988 meals and paying the interest costs alone on the new plant would mean another 50p on each meal served.

Having bought a country house hotel to serve good food and wine he now finds himself preoccupied not with recommending the best Burgundy, but with sewerage.

WINES OF WESTHORPE

for more wine value

BULGARIAN COUNTRY WINES

Russe Welschriesling & Misket – medium dry, slightly fizzy	28.90
Bourgas Muscat & Ugni-Blanc – pronounced Muscat flavour	28.90
Varna Ugni-Blanc & Aligote – fruity dry	28.90
Black Sea white	28.90
Sungarelski Chardonnay & Misket – "dry, light and fresh"	28.90
Khan Krum Riesling & Dimiat – spicy Riesling nose, strong flavour	28.90
Petrich Cabernet Sauvignon & Melnik (very Mediterranean red)	28.90
Pavlikeni Cabernet Sauvignon & Merlot "good wet Wednesday night bottle"	28.90
Scottish trade customer	29.20
Bourgas Cabernet Sauvignon & Merlot soft, ripe	29.20
Subindol Merlot & Gamza – "Fresh red wine with soft palate and good bouquet" BBC2 Food & Drink, featured for value for money	29.20
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Russe Cabernet Sauvignon & Cinsault "particularly liked Russe Cabernet-Cinsault, a very young almost grape-fresh juicy red", Oz Clarke, Telegraph July 1991	29.90
Silven Merlot & Pinot Noir – "This crimson fruity wine with its young fresh juicy fruit is Bulgaria's answer to Beaujolais", Jane MacQuitty, Times September 1990	29.90

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VARIETAL CASE – one bottle of each wine 35.90

Sherry/Edmund Penning-Rowsell

Sherry's fall from grace



him to buy sherry houses at increasingly giveaway prices.

By 1980 he controlled 17 firms, including Williams and Humbert, and family-owned firms such as Garvey and Terry, whose members did not gain a penny from the forced disposal of their debt-ridden bodegas. He nearly acquired Domecq, biggest of all, and owned 35 per cent of total sherry production. Then, in February 1983, the Spanish government sequestered the whole Rumsa empire, which also included the big Rioja house of Paterna and other interests.

Although Mateos was subsequently in prison several times, the speed of state intervention enabled him to claim that it had not gone through the due process of the law, and he is now in the European Parliament as a member of the right-wing European Democratic Alliance. Yet the whole legal case may still not be over.

The unravelling of all this

took time, for the 17 firms had to be sold and the Williams & Humbert case was not settled until 1987. Meanwhile Harveys of Bristol bought Terry and two other small bodegas, and Garveys was acquired first by Barbadoillo of Sanlúcar, which this year has resolved a majority holding to Bols and Abold of Holland.

Then in the UK there was an unsold, inferior-sherry lake of 10m litres, which took time to bring down to 7m litres and was then de-classified. Millions of litres in Spain were distilled and plans were made to cut the vineyards' exports. This took place by 1986 but in an industry relying on 90 per cent export of production proved insufficient.

Exports to the vital UK market that in 1979 had totalled 134,000 butts fell each year and by 1990 were down to 55,000 butts, with more than half being sweet sherries. But this was partly accounted for by de-stocking prior to the transfer to Spain of the bottling by the three biggest importers: Harveys, Croft and Gonzalez Byass, which previously had re-exported in bottles.

However, last year the Consejo Regulador in Jerez saw the writing on the wall, and appointed accountants Price Waterhouse to investigate the industry.

The result was a plan to cut the vineyards from about 18,000 ha to 13,700 ha and in May bodegas, cooperatives and growers signed agreements to pull up or deregulate 4,200 ha.

The compensation is generous: from the Andalusian government, bodegas and the regulatory Consejo body.

A complicated strike in Jerez is now in its sixth week, and more than half the vintage has been lost. With bottling confined to bodegas, stocks in the UK are reduced and Christmas supplies will be threatened unless the dispute is settled shortly. (See story in Section 1)

Not many of the big bodegas are giving up much of their vineyards. For example, Harveys, which owns 1,000 ha, is releasing none, but a large majority of its contracted 15 suppliers are giving up two-thirds of their holdings. But Garveys is pulling up 250 ha of its 500, and will instead buy in the trade.

This will still leave the problem of stocks in 1m butts (four to five years' sales) and overproduction, although this is planned to come down by 10 to

15 per cent in each of the next four years. Estimated annual sales of 200,000 to 210,000 butts will only be 80 per cent replaced, the balance coming from stocks, with the intention of reducing them to 3½ years' sales.

But this will not be the end of the shimming exercise. The Consejo Regulador fixes the proportion of stocks that the bodegas may release each year – a system suggested for Champagne. These "shipping rights" used to be 30 to 40 per cent, but are now 22 per cent, and will be maintained at that level to discourage price-cutting and the export of immature sherry. It will probably lead to a sharp decrease in unprofitable and often inferior buyers' own-label wines.

A large proportion of the 5,000 producers are little more than "hobby growers". Some are expected to give up their small holdings. Too many are engaged in an industry that has too many men and bodegas. One leading firm told me it needed only 50 people in the 140 it employed. Generous redundancy payments of four-year salaries, as under Spanish law, are being offered and accepted. The result will be better quality sherry at good-value prices.

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HOW TO SPEND IT

Lucia van der Post meets a sculptor from South Africa, tastes some top-class Italian food and looks at some of the latest home design ideas

Stella casts her life in bronze and marble

STELLA SHAWZIN is small, blonde and several times a grandmother. She also leads a double life. See her in her natural habitat, dispensing warmth and hospitality to friends and family, and she looks every inch the grand matriarch. The widow of Leonard Shawzin, one of South Africa's legendary businessmen who built up the Truworths store chain, she could, if it amused her, spend her life flitting between the beautiful houses she owns in some of the world's most desirable spots.

Instead, most weekday mornings find her up and about at 7.30 wielding a tungsten carbide drill, or working on chunks of bronze, or in her other life - what she insists is really her main life - she is a sculptor and these are the tools of her trade.



Family group of two in blue granite, 41 cms high

Until November 15 her latest pieces, the result of several years intensive work, can be seen at the Crane Kalman Gallery, 178 Brompton Road, London SW3 1HQ. Almost all the pieces have been hewn out of marble or precious stones and focus on the female form - standing, turning, reclining - or on family groups of husband and wives, mothers and babies.

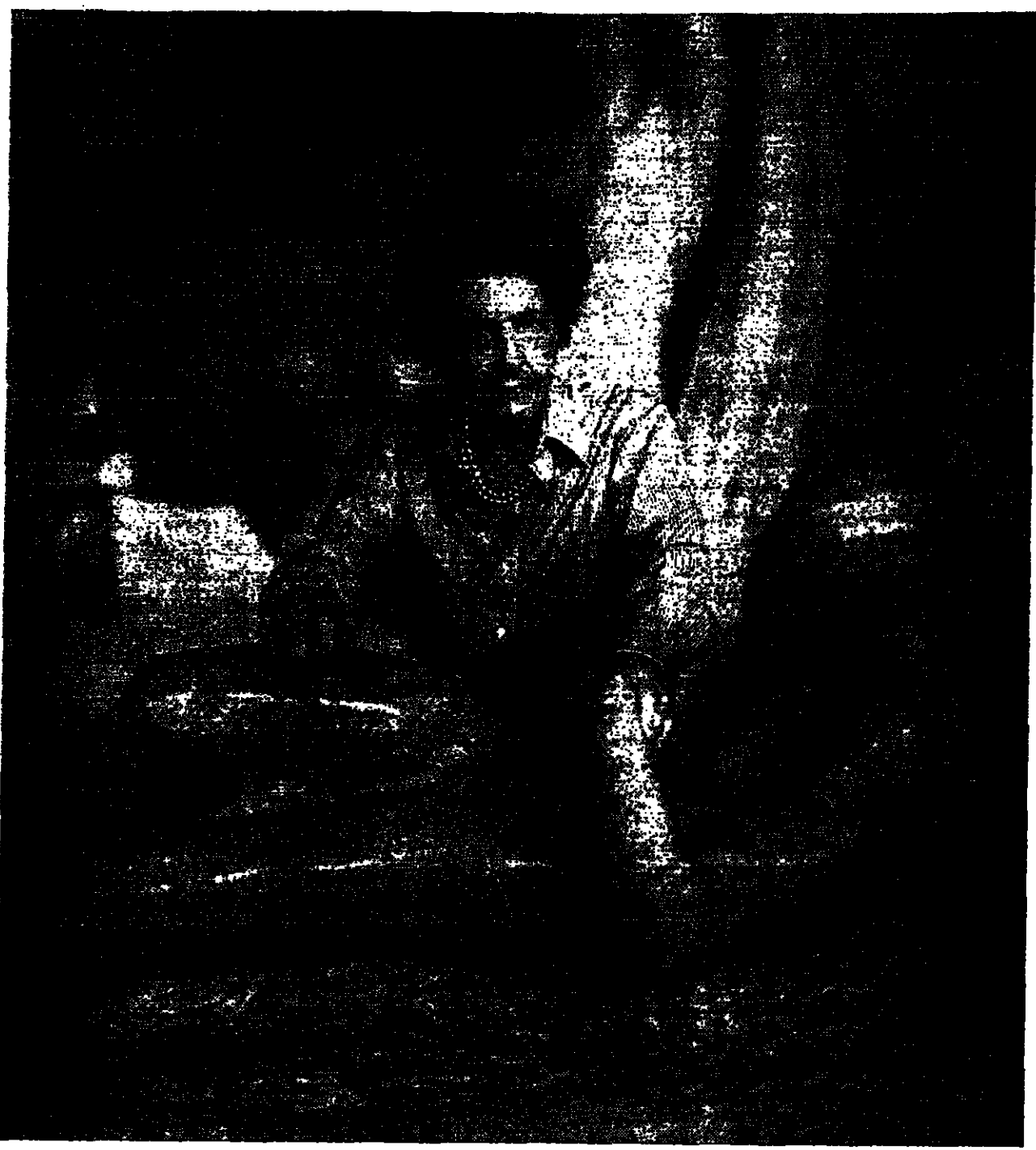
and it was a painting of one of the characters around Cape Town, what we call a 'skollie' (a ragamuffin), that got me my first exhibition at the Grabowski Gallery and from there I got an exhibition in New York.

"But after a while I began to get depressed and felt that I was getting nowhere, not expanding my alphabet, so I started etching, engraving, lithography. Then I learned printing and got my own printing press.

"I began to get the tools together, to learn to use chisels instead of a paintbrush. I found it wonderful to go round to the other side, to work over the surface of the material, rather like a fly. I also had to learn about the limitations of marble and here the craftsmen in the workshops at Carrara - the same workshop where Michelangelo and countless other sculptors have taught me a lot. This summer I worked in the workshops for weeks on end preparing for this exhibition.

It is easy to say why the rich and varied colours of the marble and semi-precious stones inspired her. In the gallery are the results - simple shapes, fashioned out of marble, blue sodalite, green verdite, picture jaspers and jade.

The gallery is open from Monday to Friday, 10am to 6pm and on Saturdays from 10am to 4pm.



Stella Shawzin working on one of her sculptures in the marble workshops at Carrara

Carluccio's takeaway

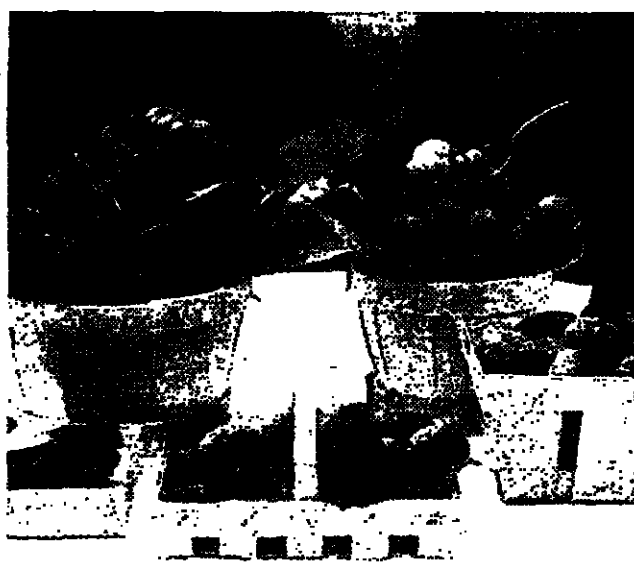
LONDONERS who love authentic, gutsy, Italian food are in for a treat. Today, Antonio Carluccio - better known as "the mushroom man" in the New Forest where he hand-picks the fungi for his Neal Street restaurant in central London - and his wife, Priscilla, open the kind of takeaway that might make even French *traiteurs* look to their laurels.

"What we aim to do," says Antonio, who owns a car with CERS on the number plate, "is to give people the chance to have the real taste of Italy. We drove hundreds of miles around Italy to find the small specialist producers that would give us the kind of products we were looking for."

Anyone who can make it to Carluccio's (next door to Antonio's Neal Street Restaurant, in Neal Street, Covent Garden, WC2) is going to be able to pick up a completely authentic Italian meal - from starters to main courses, from fresh pasta and antipasti, from soups and vegetable dishes, to puddings and tarts and cheeses - and have it all on the table within minutes of getting home.

Every day there will be a choice of up to 30 different cooked dishes, all from Carluccio's own repertoire and prepared in the kitchens below. Pasta will be made and packaged on the premises and sold with a range of their own sauces. Many of the products they have tracked down have never been exported to Britain and they have also developed their own versions of some of the classics of the cuisine - pesto sauce, Bolognese sauce, mostarda di Cremona et al.

For starters there will be home-made soups and a selection of antipasti as well as marvellous cold hams and other cold meats. Fresh fruit and vegetables in season will



All the products pictured here will be on sale exclusively at Carluccio's new top-class takeaway in Neal Street, Covent Garden

be sold in little punnets and hard-to-track-down ingredients such as nettles, rocket, herbs and proper buffalo mozzarella will be there.

Fungi fanciers will be able to feast on a wide selection of mushrooms - fresh and varied in season, dried or preserved out of season. Tins full of dried morels from Tibet are already in stock.

Several different sorts of oils and rice - including the less well-known Vialone Nano which, according to Antonio, is "the perfect risotto rice" - will be available. Carluccio will also sell baby grilled aubergines, roasted peppers, sundried tomatoes and bocconcini (small portions of mozzarella).

Carluccio's opens today at 28a Neal Street, London WC2H 9PS and will open from 12 to 7 pm on Monday and from 10am to 7pm from Tuesday-Saturday.



A jolt for jaded ideas

KEEPING up with current trends in clothing is relatively easy - a quick troll through a top fashion store and a flick through *Vogue* or *Elle* and most of us will come away with a pretty good idea of what the fashionable person about town is wearing.

When it comes to new ideas in interior design, keeping up is much harder. Robin Guild and Fleur Rosdale are the entrepreneurs behind the Contemporary Design Show which is on until Sunday, October 27, where those who are longing for new ideas on the home interior front - or who just want to see what our very best

contemporary designers are up to - can feast their eyes. Settings and furniture have been created for the exhibition. There is a wide range of genuine alternatives to the chintzes and swags which have become the cliché of the interior design business.

Strong colour seem to be one of the main themes - Tom Dixon of Space uses strong lime-green, Charles Rutherford chooses brilliant apple green while Helen Cooper of Francesca di Biasi stuns the eye with a room based on bright, polished, red lacquer with green counterpoints.

Whether you are thinking of a complete renovation or just a few ideas to perk up jaded

interiors, a visit to the exhibition is well worthwhile. Take a look at Jennie Armit's way with Celia Birtwell's fabric. See the way Philip Michael Wolfson has evolved a calm and tranquil environment out of a traditionally-shaped room and look for the magic André Dubreuil conjures out of a tiny space.

The show is on at The Design & Decoration Building, 107a Piccadilly Road, London SW1W 8PH, every day from now until the October 27. Open from 10am to 6pm from Monday to Friday and until 7pm on Wednesday, Saturdays and Sundays 11am to 5pm. Admission is £5.



Jennie Armit's room-set at the contemporary design show

In Brief

TWO MAIL order catalogues have been launched which will interest all those who like to choose some of life's essentials from the calm and quiet of their own home.

First, there is Lands' End - the company explains the misplaced apostrophe thus: "It was a typo in our first printed piece, and we couldn't afford to reprint and correct it." This beguiling US company specialises in enduring, classic clothes and accessories for all and has just moved into the UK market. In America its fame is such that last year it had \$60m of sales.

Here are all the basics of the American wardrobe, simple things that are often so hard to find - impeccably plain white cotton Hyde Park Oxford shirts, combed cotton shirts, cotton sweaters, snug Squall jackets for the outdoor set, rugged sweaters and - a Lands' End classic - a cotton canvas attaché case in six colours. For the moment the selec-

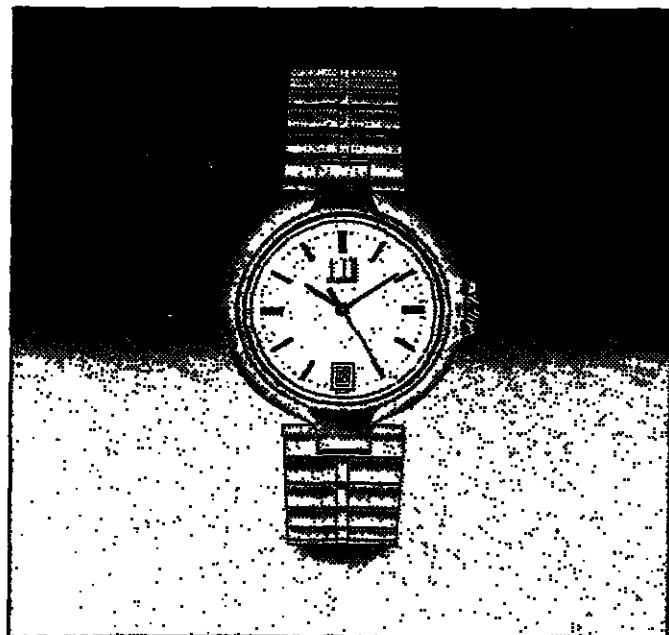
tion focuses on the basics. The products may be simple and practical but they are not cheap - quality is never skimped. Oxford shirts range from £29.50 to £33.50 but they are made of 100 per cent cotton, two ply Oxford cloth with extra-long tails, a seven-button front and single-needle stitching throughout. The attaché case is £39.50 and the woolen Drifter sweaters £32.

The company has an appealing whiff of old frontier America about it - a quirkiness combined with simplicity and honesty. It also has a watertight guarantee: "We accept any return, for any reason, at any time. No arguments," says founder Gary Comer. Distribution is from Camberley, Surrey, so most customers should have the goods they order 10 days later. For a catalogue ring 0800-220-106.

What Lands' End does for clothes, the Good Food Kitchen Store catalogue attempts to do for kitchenware - that is, offer a range of essential equipment at affordable prices. But though some of its offerings (like the splendid Dualit toaster) could be said to be enduring classics, others veer more towards the ephemeral and the modish. In other words there is a good mix of "must-haves" and optional frills. There are good steamers and sturdy colanders, serviceable knives and long-lasting saucepans, mysteriously interlaced with blossom holders and infinitely forgettable pine cone candle holders. But for anybody who lives far from a good kitchen shop the catalogue offers a quick and easy way of buying most of life's culinary essentials.

For a catalogue write to The Kitchen Store, Harrington Dock, Liverpool L70 1AX.

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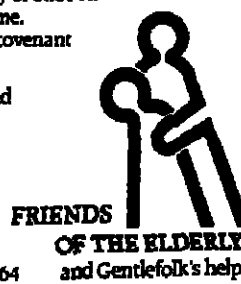
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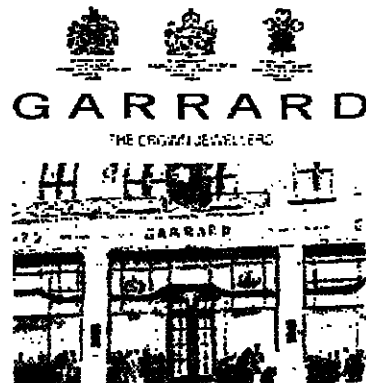


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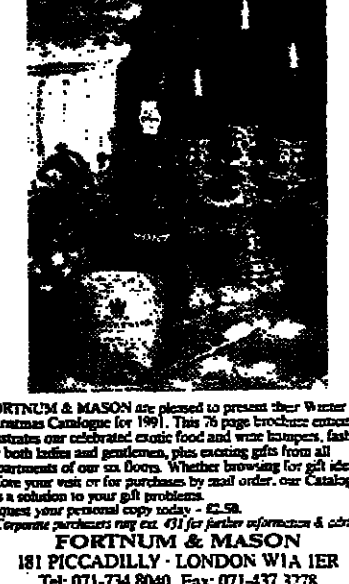
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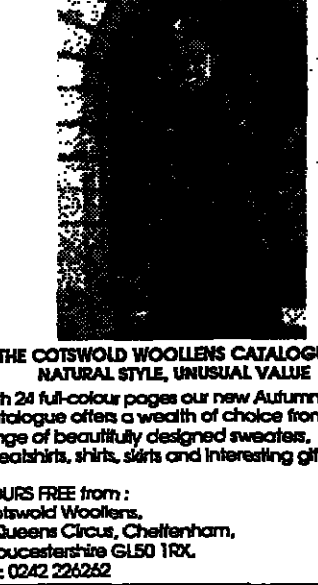
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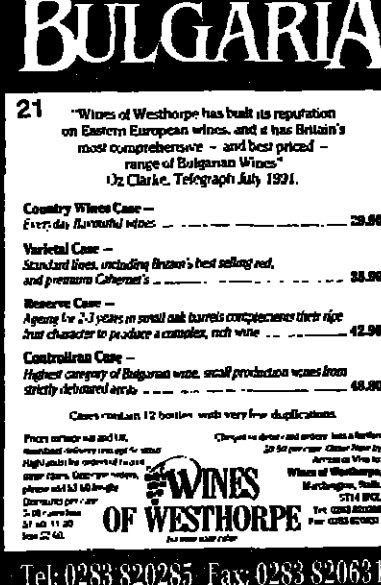
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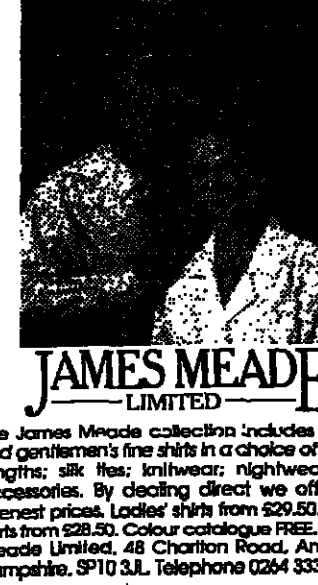
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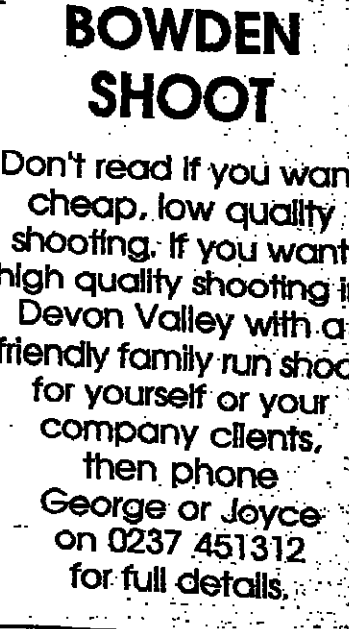
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PROPERTY

A polo field in the green belt

The ponies are leaving Dell Park. John Brennan on a sports estate for sale

OFFICERS of the 10th Hussars first brought a spirited version of the Persian polo to Britain. Polo, which commonly was played at that time by an unlimited number of riders chasing a billiard ball with hockey sticks, had long been a favourite of both the army and English planters in Kashmir and Bengal.

The Hussars acquired a taste for the game in the late 1850s, when they formed part of the forces sent out from Britain to put down the Indian Mutiny. Another Hussar, John Watson of the 13th, eventually worked out a set of rules aimed at reducing the odds of a lively game putting an entire officers' mess out of action. Watson devised a simple set of field rules to moderate the wild melees which characterised the English version of the game.

By the time formal polo clubs were formed (the first, in Monmouthshire in 1872, was followed swiftly by London's Little Bridge and Hurlingham clubs) Watson's reforms had begun the conversion of the game into a form that would be recognisable today. The familiar four-a-side teams, and the game breaks and intervals for players to change ponies, all formed part of what, until quite recently, remained a primarily inter-regional game.

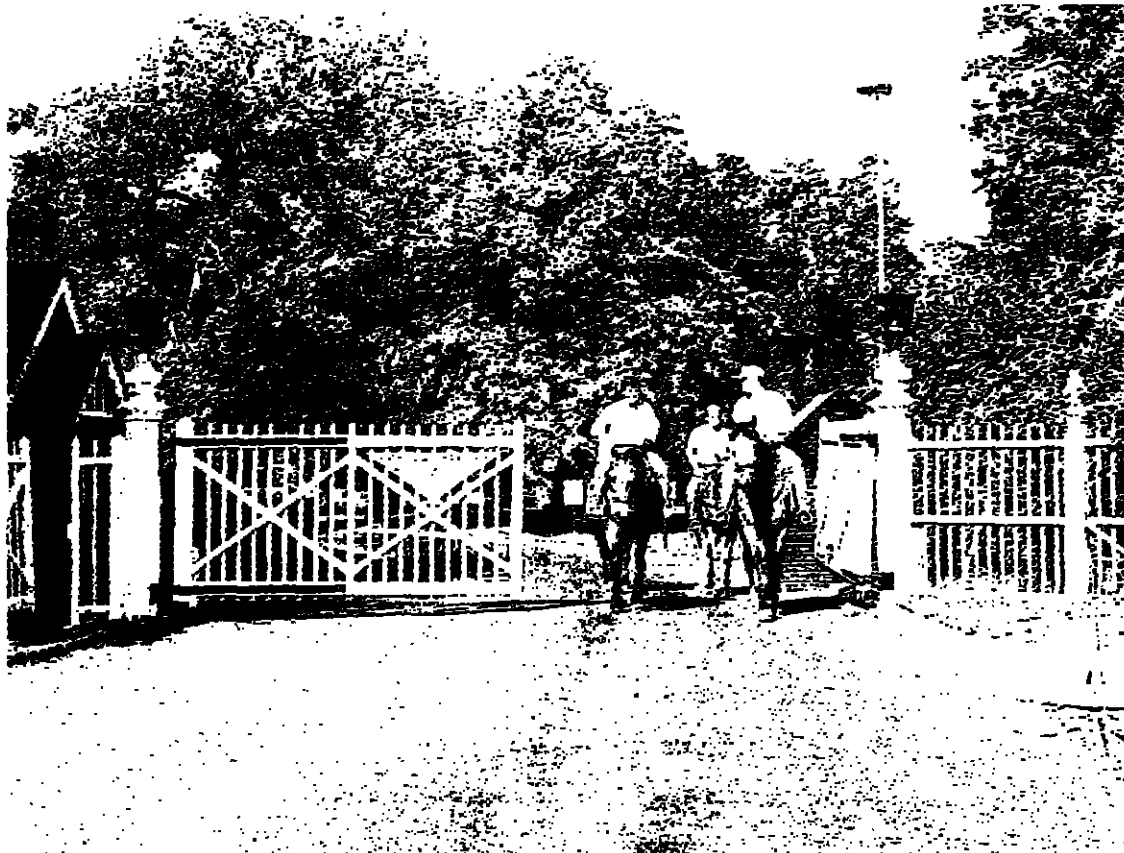
Polo remains exclusive. A disproportionate number of players and spectators can lay claim to a good regiment or a good credit rating. But the game has acquired a substantial additional following in

recent years, albeit at a distance. That is partly because of the press and television coverage drawn by Prince Charles' polo playing. It is also partly because of the new generation of "macho-millionaires" whose involvement further promotes media coverage of the game.

The new social status of this old Persian cavalry game owes much to these super-rich businessmen who like the world to know that they still play as hard as they work. Their fathers and grandfathers would have been horrified to appear in public in anything other than the full formal dress of the money-owning classes. Now, the days of the three-piece suit, where a watch-chain-decked waistcoat acted as a form of social "flack jacket", have given way to the sportsman look.

As leisure has become big business, an increasing number of corporation chiefs want the cameras to see them in winning form. "Pro-Am" competitions allow image-conscious chief executives both to sponsor and carry off golf and tennis trophies, and racing yachts have long enabled commercial magnates to pace the deck in a purposeful way while the crew tackle the competition.

However, of all the alternatives, polo wins hands down as a particularly good rich players' sport. The two great plus-points for polo are that it offers the exclusivity of a game that only the rich can afford to take up in a serious way. At the same time, it enables players to remain actively involved deep in



Horses for courses: Dell Park could be suitable for a number of uses

their middle ages. They are able to delegate much of the leg work to their ponies.

Galen Weston is one of the more active of these wealthy polo enthusiasts. Prince Charles regularly joins the Canadian foods and supermarket billionaire at his polo grounds on both sides of the Atlantic. And the Canadian's Maple Leaf Polo Team has ranked as one of the top teams since the 1970s.

The Dell Park Estate, next to Windsor Great Park, has been the home base of the Maple Leaf team for the past 15 years. Now, as the team moves across country to Weston's own estate, Dell Park's 140

acres of parkland and paddocks, just 22 miles from the centre of London and ten miles from Heathrow Airport, is for sale - at around £4.25m for the whole, or in up to 30 separate lots.

George Pope of John D Wood (071-493-4106), who is handling the sale, explains why there is scope to buy as a whole or in bits: "Concentrating on finding someone else who wants to keep the Park to house another polo team would hardly be marketing the property. There are, of course, many people in the polo world who know the place well, but this has to be one of the most interesting properties to come on to the

market this year and it could appeal to an enormous range of buyers."

Four stable yards with 46 stables, three lodges, two cottages, a further two bungalows, various park buildings, a stick and ball practice ground: the current form of the estate reflects its use as home for the Maple Leaf team. But the property's real value is in its location. It lies hidden between Englefield Green and Windsor Great Park in green belt country where planning might stretch to a golf course, a formal polo field, or an array of different uses if the 30-section lotting of the estate is applied.

Hitting the beach in the recession

WHAT DOES the small scale British developer do as the recession grinds on?

Andrew Parker is an accountant turned developer who used to build on the south coast of England. He chose to switch to another country. In the early 1980s, as an international athlete, he had met Harry King, who had a similar sporting background. King was an interior designer.

More recently the two were discussing the sad state of the property market and King suggested that there could be opportunities for development in the Caribbean island of Antigua. King has dual British and Antiguan nationality. The two men went to investigate. The result is Dickinson Bay Cottages, a project nearing completion in Antigua and being offered for sale in Britain.

The site they chose is on sloping ground amid palms and bushes and overlooking the bay. It is about 150 yards from a mile-long white sandy beach and close to one of the island's large hotels.

There are 13 properties in twos and threes, stepped down the hillside and set back from each other. Brown-stained doors contrast with white walls, balconies and terraces. Designs are flexible, with one to three bedrooms. The larger properties could be let as separate flats to maximise rental income.

Even so, they have been planned to be suitable for long-term or permanent use. While each has mains water and electricity it also has a 10,000 gallon underground fresh water cistern and the development has a communal emergency generator for back-up in case of need.

Solar panels provide water heating and there is air-conditioning. The properties also have direct dial telephones and cable television.

They are sold furnished and equipped, one of the aspects that King has supervised. He specialises in hotel decor, his last work was on the Rhodes Hilton.

The properties cost from about £94,000 to £155,000. There is an annual maintenance charge of just under £1,000, which includes upkeep of the communal swimming pool and gardens and rubbish disposal.

The cottages are being offered by London solicitors Osbornes (071-485-8811). Simon Maister of Osbornes advises that the best way to buy in Antigua is through the formation of a company for each property. This costs a further £3,000 but would have other advantages. It would save the 12.5 per cent government tax; rental income would be tax free and when the property was sold there would be no capital gains tax.

A disadvantage is the difficulty of raising finance locally. So a buyer would need to have funds available or to find them elsewhere. Osbornes can assist with this.

Maister says income from letting can be high in Antigua and an owner could expect at least 10 per cent net.

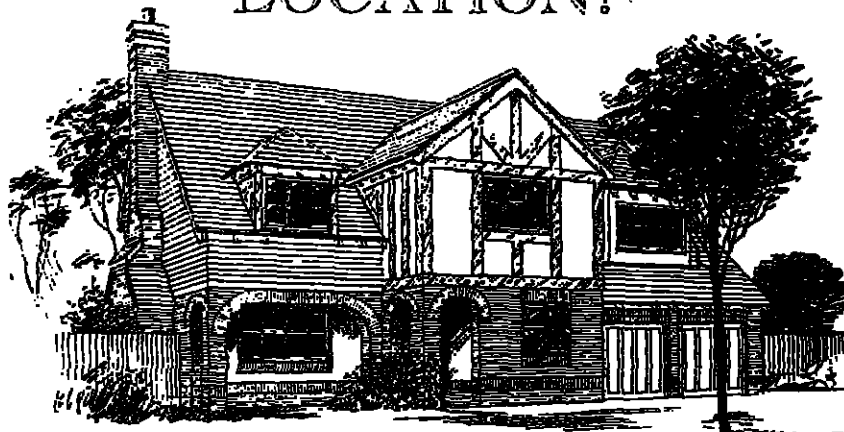
Potential buyers of the cottages are being given the opportunity of spending a week in them between November and January at a discounted rent. If they buy that sum will be refunded.

The show cottage has been sold to an airline pilot, who plans to spend six months of each year in it and to let it for the rest of the time.

Audrey Powell

COUNTRY PROPERTY

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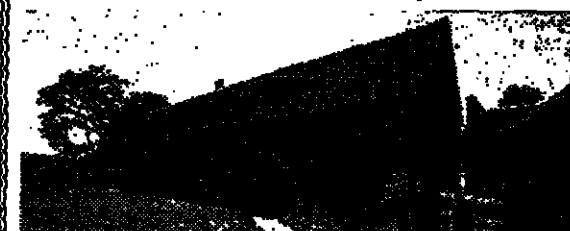
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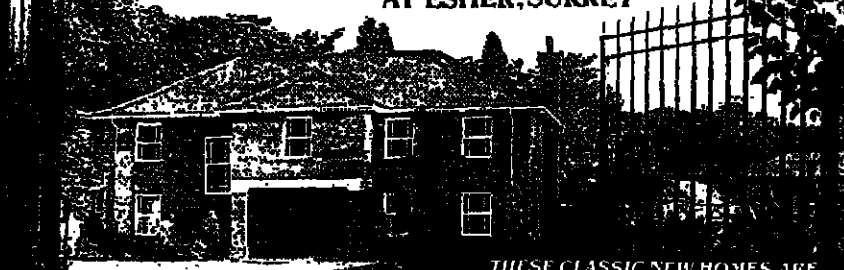
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GARDENING/PERSPECTIVES

Annie Wilson gets bitten by the Green bug while Robin Lane Fox praises the virtues of the versatile penstemon

A philosophy that is wild at heart

THE enthusiasm is infectious but the message is clear: if you want to garden organically you cannot guarantee perfect results. You have to be patient, be willing to experiment and accept the odd casualty and above all, be prepared to nourish your soil the old-fashioned way — a lot of spadework and a lot of muck.

But it is nevertheless a seductive philosophy: recreate the checks and balances evident in the wild, encourage natural predators to control pests rather than killing both with sprays and take heart: a healthy soil means healthy plants and, as all organic gardeners will tell you: "Healthy plants fight back".

The message was drummed home with fervour by three organic gardeners I met on a visit to central Scotland.

By her own admission, Sheila Kennedy of Station Road, Buchlyvie, is "not a tidy gardener", but whether this is by inclination or because she has so many demands on her time (mother of five, yoga teacher and keeper of an allotment in addition to her garden), she is not saying.

"Half of the way I garden is total enthusiasm but there is no magic, it is hit or miss however you do it." She believes in the "no dig" method: first dig your bed thoroughly, mulch with compost and a little mown grass ("not too much because I don't use weedkiller on my lawn and moss from the cuttings can take root in the bed") and dig no more thereafter. It is a practice being tested in the beds at Byron Gardens National Centre for Organic Gardening (home of Channel 4's *All Muck and Magic* series), run by the Henry Doubleday Research Association.

The manure provided by her pet goats is boosted by her own

fertiliser made from letting comfrey leaves rot down in an old (dry) rain butt and collecting the resultant liquid as it drips out underneath: it is a powerful feed which must be diluted to the colour of pale tea (and, unlike so many organic liquids, it does not smell).

Sheila deals with pests by encouraging natural predators to live in the wild corners of her garden: toads and hedgehogs devour snails and slugs, her ducks polish off their eggs, her four cats deter the thrushes (snail eaters) but keep the rabbits at bay. Slugs still present a problem for her, but she says a good mulch will



deter them, especially when covered with a scattering of egg shells. "I stopped using slug pellets years ago and went on to fertilise (an organic chemical), but then discovered it has quite a high aluminium content and that was an end to any attempt at an organic chemical solution."

Over the last 20 years Caroline Cuthbert has converted every garden she has seen into an organic garden. In the garden at Ballinrain, Fintona, to the organic way, relying for expert advice on the Soil Association and the Henry Doubleday Research Association. "People want instant results. It takes time and you have to persist,

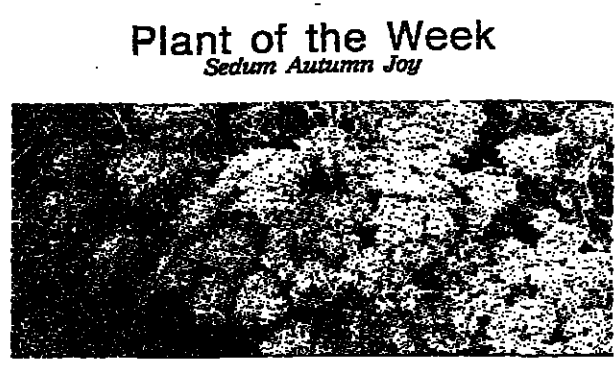
but certainly very sceptical people who come up here have been converted. It is cheaper too — no more need for extras like nitrogen and fertilisers. But it takes time to build up. My only concession is to put Pathclear on the paths.

Her vegetable gardens are tidy rows of humped beds between paved paths, intermingled with flower beds and scatterings of common or pot marigolds throughout. "We rotate crops through these lazy beds. First double dig with compost — we use the muck from our ponies — then double dig again and keep piling up. The point is that they are narrow enough to reach across so you never walk on the beds. The paving was expensive, but worth it." The principle, it is worth noting for those who grow no vegetables, works just as well on the flower beds.

In her greenhouse there are only three bottles on the shelf: pyrethrum and derris (non-residual poisons that do not affect birds or caterpillars) and Savona soap concentrate. But not one of these is in regular use. Indeed, Cuthbert points in despair to the only bed where caterpillars have run riot and the cabbages are displacing a lacy patterned leaves: "Oh, the holes... the cabbage whites came, saw, conquered and flew away but there, you see, the cabbage hearts are coming again. You have to live with blemishes on your vegetables."

The marigolds in evidence everywhere, as in Sheila Kennedy's garden, are the best available deterrent to bugs which, apparently, cannot stand the smell. The result: no green or blackfly in either garden. "Tagetes minuta is supposed to work best, but ordinary marigolds work just as well — and alliums under roses are superb."

The organic system works in

Plant of the Week
Sedum Autumn Joy

This is one of the finest stonecrops for the herbaceous border, closely allied to *Sedum spectabile* but with larger, almost flat heads of deeper coloured flowers, starting a warm rosy pink but becoming deeper with age and finishing a rich bronzy pink. The leaves are succulent and greyish green, the stems stout and 18 to 24 in high. This is a plant for sunny places in any reasonably fertile soil. It is completely hardy and easily increased by division, preferably in spring. Its original garden name was *Hertsfreude* and it was changed to *Autumn Joy* for the English speaking market. A.H.

more ways than one: Kevin Murphy was given the tenancy of East Lodge on the Old Ballinrain estate precisely because he is an organic gardener and Cuthbert had seen and admired his former garden, an intricate and flourishing example of the art.

His enthusiasm for the organic way is such that it is hard to maintain any scepticism in the face of it. His energy is indefatigable. Just six weeks after moving into his new home he had demolished a dead tree, cleared the site, put up his polytunnel and moved young plants inside: yellow courgettes were sprouting and the runner beans had hit the roof.

He had built his double wooden compost bin and put an old rain butt in place to fill with nettles (or comfrey or seaweed) to make his own liquid fertiliser — "my garden tea bag, rich in potash." Now he had turned his attention to the embryo vegetable garden, planned as a huge circular bed laid out with wood and stones.

He had started with old carpets, specifically those made with natural fibres and

no rubber backing, laid on top of the turf to lay waste weeds and grass. Having left the carpets in place for a few weeks, he then lifted them to double dig and work in a barrow load of rotted cow dung per square yard, topped up with compost and then laid the carpet back for the winter to let the worms do their work and to control weeds.

The method, Murphy says, is better than using black plastic which tears and shreds and is not biodegradable. The carpet, he points out, eventually rots to the point where it too can go in the compost bin.

He is fortunate that next door to his garden is a cow byre, uninhabited for 10 years, whose owner has no objection to him digging out the well-rotted contents which will feed his garden for years. Cuthbert has her ponies. Kennedy has her goats. My small London garden has none of these inbuilt advantages, but my conversion could at least start with a compost bin. A.W.

Success story

THIS WEEKEND I will be hedging my bets on my greatest success of the season.

Since July, I have had penstemons all over the place: under walls, in paving, among old-fashioned roses and on the slopes of the historic mound of my Oxford college, where scores of the scarlet King George variety have lent a curious note to a planting which was supposed to be in whites and greens.

I have always supported this family, but in 1991 I have given them the limelight. New stars have emerged; the range is widening and for once I feel I am up there on the crest of a newly-found wave of popularity. I would take the credit in May, just before the Chelsea Flower Show, I took two decisions. First, I followed the advice of a great gardener in Gloucestershire and planted *Penstemon ovatus*, which she promises to be the best of the hardy bright blues. It is excellent, although the season is rather short.

Second, I made a detour to a penstemon specialist, Brian Hiley, who gardens with his wife at Wallington, where the outer skirts of London run into Surrey and the M25. They are not the easiest team to find in a maze of small holders plastic tunnels, but we had agreed in advance on a major raid. I would take the pick of the latest varieties, on the understanding that we would exclude the fashionable form called *Purple Grapes*, whose green-purple flowers get on my nerves.

In late May, I bedded out pure white *Snowstorm*, the lavender-blue *Alice Hindley*, an unusual dark blue called *Midnight*, various pinks and scarlets and the enchanting *Apple Blossom* whose white flowers are tipped with pink. The results have usually been exciting, but two Hiley specials have been outstanding. First, though, a word about their perpetuation.

The penstemons' long season of flower is a blessing. Many of them begin in July and continue until late October, especially if you dead-head them and feed them in high summer with Phostrogen. They rise above the occasional sign of mildew or rust, and I cannot imagine why most gardeners neglect them, except for one little worry. Popularly, the better varieties are not supposed to survive the winter.

I already know that this worry has been overdone. In some cases, it is irrelevant: early-flowering forms from the wild are at home in harsh areas of North America and are at least as tough as a hardy *Auchia*. In other cases, hardiness improves if you follow one simple rule: never cut a penstemon down while you are cutting back the rest of the border. Leave their top growth alone until April, even if it looks brown and tatty meanwhile. It helps to protect the lower plant and prevents it from shooting too early from a narrow base.

I hope that my two best finds will be hardy with this treatment. Dark maroon flowers have a special magic, but the new penstemon *Raven* is extra-special. I have plans for blocks of it next year beside *Apple Blossom*, backing on to a grey stone wall in contrasting shades of maroon and pinkish white.

If this plan sounds too showy, try a wild species instead, the little-known *Taenais*, which ought to be put up for a RHS award. If you plant it in a catalogue, buy it at once. The stems are long, but they curve neatly and the leaves are a heavenly shade of grey-green. The flowers seem to open all summer, like long and narrow bells of a soft scarlet red. It has the charm of a wild plant and the advantage of a strong but civilised colour.

How, then, should you hedge your bets on this family? Hedging is remarkably easy.

During the next fortnight we are sure to have a serious frost, but, meanwhile, penstemons are covered in potential cuttings, ripe for taking and rooting this weekend. Choose the side shoots which have not flowered; take them back to a main stem; strip off the lower leaves and set them round the side of a four- or five-inch pot filled with a sandy soil which you have watered thoroughly a few hours before use. If the leaves touch each other, cut them in half to avoid rotting, put the pots in a light, frost-proof shed, or gently-heated room for safety. They will root if they are left uncovered, but you may prefer to bag them.

Bagging is as easy as hedging. Use the type of polythene bag which is sold for food in freezers. It is more solid than the flimsy bags which come with clothes or spare parts and so it will not flop down on to the cuttings' leaves. Slip one over the top of the pot after planting so that it does not touch the leaves.

To fix it, follow a tip from one of the FT's art critics and use a length of masking tape to hold the bag to the side of the pot. For several weeks, you will not need to water the earth inside, although it will sweat mightily. Eventually, you can cut a hole in the top corner of the bag and use a small hand-spray to direct a fine rain on to the plants.

The bag method works very well for anything which is marginally hardy and needs protection this weekend. It ought to work particularly well for my one plant of *Penstemon taenais*, which is still a rarity on the English market. Next year, winter permitting, I hope to have a score of this lovely wild form, the sort of plant which you can use in any company and trust to add distinction to the border from high summer until these final weeks of the flowering year. R.L.F.

Old truths and new needs in Albania

An unusual mission has just returned from Albania. It consisted of three former British Special Operations Executive officers, headed by Julian Amery, MP, with David Smiley and Alan Hare, who fought alongside guerrillas against the Italians and Germans in the Second World War. They were invited by Albania's main opposition Democratic Party.

ENVER HOXHA, the late dictator of Albania, maintained cemeteries and memorials in every town to support a myth

that Communist partisans alone defeated the Italians and Germans at the end of the war. Albanians no longer believe that the Communists drove out the enemy only after they had eliminated all other Albanian groups by fighting, execution or prison, and the truth of those events has become important in an emerging

national consciousness. This partly explained the great welcome given to our group. We had all fought together in Albania under the leadership of Col Billy McClean, who died in 1986 and is immortalised in Xan Fielding's book, *The Great Betrayal*, to destabilise the Hoxha regime by infiltrating Albanian refugee guerrillas from the West, an operation betrayed by Kim Philby. Albania is, after all, a small, intensely nationalistic country

to give press interviews and appear on television to testify to the extent that other nationalist guerrillas fought the invaders, and that the Communist partisans were engaged in a civil war, partly with British arms.

Inexorably, as we tried to form our conclusions about present day Albania, we were drawn into recollections of 40 years and more ago. Sometimes it seemed that what happened then still mattered now.

Thus, Albanian leaders still talk — without rancour against Britain — of the attempt in 1949, described in Lord Bethell's book, *The Great Betrayal*, to destabilise the Hoxha regime by infiltrating Albanian refugee guerrillas from the West, an operation betrayed by Kim Philby. Albania is, after all, a small, intensely nationalistic country

which feels continually threatened by larger neighbours. The battle against German and Italian invaders is the last event in its history for which most Albanians feel any pride. They no longer believe Hoxha's claim that nationalist guerrillas, and, amazingly, even their British supporters, were all Fascist or Nazi collaborators.

Alan Hare finds grim poverty in a former battleground

And, as Albania turns to the West for salvation, Britain is seen as the one European power which helped in time of trouble. For me, this conjunction of

past and present was brought home forcibly by a familiar face among those greeting us at the airport, that of Masar Shehu, whom I met on my last assignment in Albania when I was head of a mission to Mysin Peza, a legendary guerrilla leader, then allied with the Communists, erected by Enver Hoxha at a cost which, it is reckoned, would have housed a third of the population.

The dominant political issue is the date of the next election. Whenever it comes, the campaign will be intensely populist, with demonstrations in the streets against the Sigurimi (state security police) and against the control of the media by the Socialist Party. The army is too badly equipped to be regarded even as an internal threat.

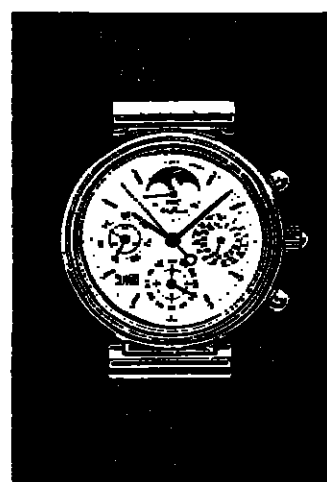
Externally, the greatest concern focuses on the Yugoslavian regions of neighbouring Kosovo, which is 90 per cent Albanian in population, and Macedonia, with a 30 per cent Albanian minority. The big fear is a spontaneous outbreak of violence. The Democratic party wants a plebiscite in Kosovo to enable it to become a republic in a Yugoslav confederation, though events in Yugoslavia may make this moot.

Relations with Greece remain uneasy because of frontier smuggling, but no irredentist claims have emerged. The exodus of refugees to Italy, and to a lesser extent Greece, has been temporarily halted.

Albania is in ruins after 20 years of total isolation and 47 years behind the Iron Curtain, but it has considerable economic potential. It is surely worth an effort to help her become a viable trading partner and a stable democracy, both of which Albania's better politicians wish her to become.

Alan Hare is a former chairman of the Financial Times.

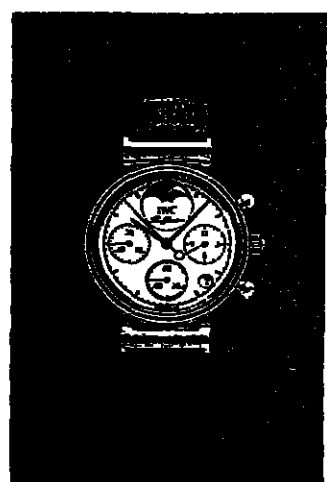
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Albania: the new generation turns its back on the past

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BOOKS

Mailer gets lost in his CIA circus

BEFORE you even reach the opening page of this titanic novel about the CIA, there is a bibliography of the over 100 books which Mailer used to research his story. While that sort of conspicuous rigour might be admirable in a historian, for a novelist such as Mailer, it suggests that the twin demons of insecurity and over-ambition might be haunting his work. With *Harlot's Ghost*, this suspicion is gradually confirmed. This is a deeply disappointing book, not because it is badly written, but rather because the potential thrill of a heavyweight author taking on a big subject is lost in a morass of detail and digression.

The novel opens in 1983, as Harry Hubbard, a cynical old hand at the CIA, hears that his

HARLOT'S GHOST
by Norman Mailer

Michael Joseph £15.99, 1122 pages

professional mentor and personal godfather, Hugh Montague, aka "Harlot", has killed himself. The news is equally upsetting to Hubbard's wife, Kittredge, who was married to Montague before Hubbard stole her away. Hubbard has his doubts about what really happened to Harlot, however, doubts which are confirmed when his own house is burned down and a colleague is found murdered there. So Hubbard flees first to New York, where he writes his memoirs, and then to Moscow, where he hopes to find Harlot, who he now believes has defected after faking his own death.

So far so good. This first section of the book is brilliant, as adept as any thriller in its aura of intrigue but heightened by Mailer's supple prose and deft characterisation. Lust, betrayal, espionage and even ghosts are woven seamlessly together for a hundred pages of

fine writing. Unfortunately, once Hubbard arrives at Moscow's Metropol hotel, Mailer abandons his headlong plot in favour of reproducing Hubbard's memoirs of his early career. Rather than bolstering the plot, these memoirs take it over, providing what amounts to a thousand page digression. When Hubbard joins the CIA in the mid-1950s, the agency was coming into its Machiavellian own. The young spy, guided by Harlot, soon finds himself in Berlin, where he becomes a dogbody for the legendary Wild Bill Harvey, the gun toting station chief responsible for exposing Kim Philby. (Many of the novel's characters are drawn from real life.) After a spell of sexual and bureaucratic intrigue, Hubbard is shipped off to Uruguay, where he works under E. Howard Hunt, who was later to play a key role in the Watergate break-in. He is then seconded to duty in Miami, where he works on the Bay of Pigs fiasco. Afterwards, he lends his hand to the variety of bizarre plots to kill Castro, even sneaking into Cuba on the eve of the Missile Crisis. During this time he also develops a relationship with a character based closely on Judith Exner, who was the lover of Frank Sinatra, the mobster Sam Giancana and John Kennedy. The novel ends with assassination of JFK and the promise of another volume bringing us through Vietnam and Watergate.

While at times lively and even inspired, Hubbard's journal reneges on the promises of the book's early pages, turning a taut philosophical thriller into a lumbering chronicle. Mailer is so intent on having Hubbard be a witness to every thing years that he loses the thread of his story in favour of history. To complicate matters further, Mailer inserts copious correspondence between Hubbard and his future wife, in



which Kittredge, a young CIA psychologist, expounds her theory that the individual possesses two wholly formed personalities, one feminine in nature, the other masculine. Mailer seems here to be attempting to explain how a human being can function as a spy, but it never really comes off, managing only to congeal his narrative further.

Harlot's Ghost is too complete. Mailer simply tries to do too much, having all sorts of

characters like Bobby Kennedy and Lenny Bruce pop in, recounting CIA lore and procedure in copious detail, siring conspiracy theories and giving them interesting twists. While much of this makes for engrossing reading, more often the novel plods along with transcript-like dialogue and leaden detail. Facts are spewed wholesale, rather than parcelled out in a selective, resonant manner. Consequently, for all the research, Mailer's

CIA is a strangely diffuse organism, lacking essence and even identity. Perhaps this is intentional given the subject matter, yet one has only to think of what Le Carré did with his *Circles* to see how a novelist can turn worldly shadows into literary substance. As any good spy will tell you, just because you have all the facts doesn't mean you know the truth.

Stephen Amidon

Booker shortlist brought to book

THERE IS a daunting task facing the Booker prize judges when they assemble on Tuesday to declare one of these six novels the winner. The meeting which drew up the short list was a stormy one, leading to the resignation of one of the judges, Nicholas Mosley. The chosen books differ so markedly in content, style and quality that there must be very little consensus about what constitutes a good novel among the panel.

It was good to see *Reading Turgenev* by William Trevor included. It is a superb novel, the story of one woman's fate in provincial Ireland, gentle, sad, and as Trevor wrote as anything he has given us, even if originally published as one of two novellas in *Two Lives* (Viking £13.99). This implies that neither Trevor nor his publisher considered it a

full-scale novel, though it has been reassessed as such since the short list was announced. So here it is, nominated as one of the year's six best novels. When does a novella become a novel? When it is shortlisted for the Booker prize. After reading the five other nominees, Trevor's resolute, economical and firmness of purpose seem even more admirable. If this "novel" wins, it will be a victory for that quiet perfection that comes from a lifetime's dedication to the craft. Less is more.

It was not so good to find *The Van* by Roddy Doyle (Secker and Warburg £13.99) among this company. This is a sentimental account of two boozey, inarticulate working-class pals, recently made redundant, running a chip van, written in authentic Dublin Northside argot, with

must be incomprehensible to speakers of standard English when it is not downright offensive.

I was disappointed by both Ben Okri and Rohinton Mistry, exactly the sort of writers, I thought, whom I would have missed, had they not been singled out on this shortlist. *The Famished Road* by Ben Okri (Cape £13.99) has a promising opening paragraph of almost biblical resonance, and a good central idea in the figure of the visionary spirit-child. But Okri is more of a poet than a novelist; the mystical motifs and set-pieces soon become repetitive, as do the initially fascinating descriptions of Nigerian village life at the bottom of the ladder.

Rohinton Mistry was born in Bombay and now lives in Canada. *Such a Long Journey* (Faber £13.99) is set in

Bombay at the time of the wars which created Bangladesh. Although the hero, Gustad Noble, a Parsi bank-teller, and his endless troubles are well realised, I found the background events hard to follow, no doubt through my ignorance of Indian politics and culture. Worthy but dull was the reluctant verdict.

Which leaves the two most obvious contenders: Martin Amis and Timothy Mo. *Time's Arrow* (Jonathan Cape £13.99) has the critics firmly divided with one camp proclaiming it brilliant, and the other, in which I sit, finding it distasteful and meretricious. There is no denying that the technical achievement of telling a story backwards is dazzling and often very funny. It's a gripping book, to be read at one sitting, but Amis's account of the Holocaust, the

point to which we have been moving back in time, is woefully inadequate; an amoral literary construct, all style and no substance. It would be ill-advised for the depleted panel to award the prize to such a book.

Timothy Mo's *The Redundancy of Courage* (Chatto & Windus £13.99) is a typical Booker prize winner, a rattling good yarn about guerrilla warfare on Duna, a newly independent island to the north of Australia, told in the first person by Adolf Ng, a hotelier of Chinese origin. But somehow it's not the sort of book that you'd find yourself recommending to a friend with the preamble "If you only read one novel this year..."

The odd thing, in fact, is that none of them is.

Alannah Hopkin

Roots of a master crook

WHEN MEYER Lansky was growing up on the slummy side of New York, he spotted a neat but risky way of turning a fast nickel. The first time the boy laid down a bet at a street corner

LITTLE MAN: MEYER LANSKY AND THE GANGSTER LIFE
by Robert Lacey

Century £17.99, 347 pages

crap game it cost his family their hot Sabbath meal. He never forgot the shame of that loss. But if he put his nickel down at the very last moment, after the shill put his own money down, he was on to a sure thing. Moving on fast, Meyer would find another game. He never ran out of a nickel again.

It was a valuable lesson. "There's no such thing as a lucky gambler," he liked to say. "There are just winners and losers. The winners are those who control the game."

This childhood experience set the pattern of Lansky's life: using his wits; trying to keep out of trouble; and at root, a deep sense of his Jewish background.

Lansky, born in Grodno, on the borders of Russia and Poland, graduated from street crime to illegal gambling, rising above it all finally, to be dubbed "Chairman of the Board" of what is loosely called organised crime. That, anyway, was his reputation. His name became a talisman, which prosecutors across the country had only to mention to invoke crime, violence, extortion, rackets, fraud, all the dark side of American life.

It is the thesis of *Little Man* that all this was hyper-inflation. Lansky was a crook, but not a crook. His reputation was coloured and exaggerated because the American public, in a paradoxical way, is half in love with the nefarious glam-

our of the mob and its henchmen. In popular imagination, the mafioso has replaced the cowboy.

But how did Lansky gain his reputation? What did he really do? He followed a life of crime, certainly. He teamed up with Jewish and Italian gangsters in New York, he got involved in gambling in Havana in the bad old Batista days (and he ran his operation straight), he joined up with Bugs Siegel in backing Flamingo in Las Vegas, which was the first of the modern casino-hotels.

But he kept his distance. His real talent, according to this account, was his financial acumen: he was the man the wise guys trusted to keep count of the "points" (the percentage stakes in ownership) which they held in casinos. He did it all in his head without records, which was just as well for him because his house was continually being bugged and burgled.

Aside from being Jewish, which would have disqualified him anyway, Lansky was not a *copio di auti* cop, or anywhere near it. Take the crucial point about his wealth. It was estimated on one occasion at \$300m - perhaps 100 times higher than his real assets. He was supposed to have said: "We're bigger than US Steel!"

Another figurement. Such claims appear to have been a result of sloppy reporting, repeated and re-published every time an article on organised crime was written, until every law enforcement officer in the country believed it.

The reality, as author Robert Lacey shows in this measured and illuminating account, was quite different. For a start Lansky did not live in Vegas, he kept well away in Miami. He had simple tastes, and the pre-occupation of so many Jewish businessmen - looking after his family (his son Buddy was

handicapped) and sorting out their marriages and other problems. All this was far more of a burden than keeping track of gambling skims.

He spent his whole life hounded by the Internal Revenue Service, and was always on the brink of prosecution. Whatever his criminal earnings - evidently sackfuls less than the public wanted to believe - he kept his legitimate income clean. Despite a lifetime of attempting to nail Lansky, the Feds never got anywhere.

Evidence of his cleverness? Or evidence that he was not the mastermind of crime-writers fiction? Lansky spent most of the latter part of his life trying to settle in Israel. He failed to persuade the Israeli authorities, prejudiced by his notoriety. In the end, Lansky comes through as a boring not an exciting figure, a colourless sort of master crook who struggled, in vain, to get back to his roots.

David Spanier

A trot through Mongolia

IN SEARCH OF GENGHIS KHAN
by Tim Severin

Hutchinson £17.99, 366 pages

IF YOU have not yet been pony-trekking in Mongolia, this book is the place to start.

There may be a few faint hearts who will use Tim Severin's account - the bleak terrain, the extremes of temperature, disgusting cuisine, outbreaks of Black Death and the absence of flushing lavatories - as a pretext for delaying their trip until Mongolia's infrastructure has been upgraded.

But the rest of us, however pampered and sedentary, will be eagerly packing our saddlebags in order to taste the pleasures of the wilderness before the inevitable tourist rush destroys it.

Severin makes an enviable living out of re-enacting, then

writing about, historic voyages. He has followed Marco Polo, St Brendan, Sindbad the Sailor, Jason and the Argonauts, and the Crusaders. This time, exploiting Mongolia's emergence from under the Soviet thumb and the diplomatic *entrées* provided by Unesco's project on the ancient Silk Roads, we find him trotting round the Gobi desert in pursuit of the shade of Genghis Khan.

He had intended to follow the route taken in 1221 by the Chinese sage, Chang Chün, to Temu'in's camp near Samarkand. The Mongolians, on the other hand, wanted him

to ride via their old courier route all the way to France. In the event, due to the sort of bureaucratic bungling that has frustrated so many of Unesco's Silk Road schemes, neither pilgrimage was achieved.

It scarcely matters. Severin is not a scholar. He is there for the ride, and he writes about it well. His sense of humour, his eye for landscape, his nose for character - not to mention his

stomach for boiled sheep's guts - have combined to dish up a juicy tale.

The narrative is bulked out with solid chunks of history, permitting the reader to appreciate how little the life of rural Mongolia has changed and at the same time refreshing what for most people is only a folk memory of the most feared empire the world has known.

There is quite a lot of tightening of girths and pitching of tents in this book, but Severin knows better than to weary his reader with too much of it. Indeed for the most part he stands a modest

distance off to allow his reader a better view of the subject.

As to his veracity, I can only say that having myself once been lunched in a Mongol yurt and been obliged, sick and very drunk, first to sing a lovesong and then to ride out on a Mongolian horse (a flat, hammering run) I find Severin accurately describes their gait. I find no reason to doubt a word.

In Search of Genghis Khan is not cheap, but the beautiful photographs by Paul Harris are some justification for the price. Equestrians will enjoy this book a lot, I have no doubt, as will devotees of Central Asia. But if you are fond of sheep - well, you have been warned.

Christian Tyler

A remarkable clan in the making

WILLIAM James, older brother of the novelist, taught at Harvard as a professor in the faculty of psychology and philosophy, for 35 years. He "finally succeeded in resigning", says R.W.B. Lewis, in 1907. James was then 68: three years later he would be dead. One week after he gave his last course at Harvard, he was at Columbia University delivering lectures on his favourite subject, *Pragmatism*.

James was one of the inventors of pragmatism. He did not mean by the term exactly what we mean when we use it frequently nowadays in a political or social context - to deal satisfactorily with the problem that lies ahead without worrying unduly about the longer term implications. That is a reduction of James's much grander view of pragmatism, which is that when we act pragmatically we are re-making reality.

The essential contrast [said James] is that for *rationalism* reality is ready-made and complete from all eternity, while for *pragmatism* it is still in the making, and awaits part of its completion for the future. [His italics].

This gives a heroic initiative to the person doing "the making", especially in a situation where he or she is faced by conflicting alternatives. We may see such situations worked out in all their complexity by a great novelist such as William's brother Henry. Is not the Henry James hero or heroine a pragmatist *par excellence*? Lambert Strether in *The Ambassadors* re-makes reality as he goes along. And yet one of the harshest critics of his brother's later novels was William James.

During those 35 years when William was teaching at Harvard, brother Henry was pursuing a career of unparalleled industry and distinction in literature. It was not merely the amount he wrote, but the consistent level of genius in what he wrote.

There have been many books about William James and there have been innumerable books about Henry. But there has been only one, so far as I know, before the one under review, that has studied them as brothers in the light of their parents and siblings - *The James Family* (1991) by F.O. Matthiessen. Since then a great deal more material about this remarkable clan, founded in the late 18th century by an immigrant Irishman who made a vast fortune in up-state New York, has emerged.

By giving equal weight to



Henry and William James at the height of their fame in 1900

the biography of each member of the family and tracing all their careers in equal depth, R.W.B. Lewis has inevitably written a very long book, but one which is brilliantly illuminating about a singular family in the context of the period before and after the civil war. Their father was a heroic figure who loomed large over their childhood. As a young man Henry senior was left, as he put it, "leisured for life", with a princely income inher-

THE JAMESSES: A FAMILY NARRATIVE
by R.B. Lewis

André Deutsch £20, 696 pages

ited from William the founder. This Henry's courage was severely tested when one of his legs had to be amputated, but his subsequent disability was not allowed to interfere with an exceptionally active way of life taking his wife, four sons and one daughter all over Europe in a restless search for somewhere congenial to live. They finally returned to settle on the east coast of America but the search continued - Washington Place, New York, then Newport, Rhode Island, followed by Ashburton Place, Boston, and Quincy Street, Cambridge Mass. were the family's main bases, with dozens more temporary ones.

It was when they were here in England in a quiet country house near Windsor that the father suffered a sense of evil disintegrating his entire personality. It took him some years to recover. Each of his children suffered from mysterious illnesses and breakdowns, the price they paid for the intensity of their lives. In Henry's case it was "an

obscure hurt" of which the legacy was a bad back. William likewise was plagued by back pains. Their sister Alice had much more severe symptoms, part of a long-term mental illness caused by the lack of any real outlet for her high intelligence. Henry gave her great support until her early death.

Wilky and Garth, the other brothers, had little of the literary or philosophical gift, and their lives reveal a completely different set of choices open to American men of their class in the mid-19th century. Both fought on the Union side in the Civil War. Wilky was an officer in the 54th Massachusetts, the first American regiment ever to enrol black soldiers. He nearly lost his life at the bloody battle of Fort Wagner won by the Confederate forces.

Both had difficulty adjusting after the victory, especially Garth. He worked for a while as a clerk on the new railroad at Wisconsin. After various commercial ventures which all failed, both ended their lives sadly in fugues of alcohol.

Lewis proceeds slowly. He has a quiet faith in the intrinsic fascination of his venture. It began life as a joint project with one of his graduate students for a 12-part TV series never made. But it is so much better like this. All sorts of people crop up who would have been hard to include on screen. When Wilky was convalescing at home, the daughter of Henry senior's friend Bronson Alcott sent Wilky a crocheted coverlet with a poem "to GWJ... after being wounded at Wagner". It was her earliest literary effort. She was Louisa May, future author of *Little Women*.

Anthony Curtis

Chains of accidents

THOMAS Pakenham describes in this admirable book the extensive chain of accidents which finally brought Africa into the modern world. In a far-flung function of the Industrial revolution, technology had given Europeans the ability to put their mark everywhere on the globe. To Europeans at the time it appeared that Africa, like Asia or Australia, was simply there for the taking.

What a story it is too, full of the strangest twists and turns, with idealism and courage and murder and greed all brewed together. Pakenham sometimes lapses into *Time-Life* speak, but he maintains a strong and central narrative drive which holds the reader. He has absorbed a huge amount of complex material. Here in compelling detail is the background without which the rise and fall of European empires cannot be understood.

A view has been widely pronounced that technological superiority could not be a sufficient explanation of European domination. The Maxim gun might have been decisive, but behind it there had to be sinister premeditation and organised rapacity, for which the euphemisms were imperialism and colonialism. Pakenham shows beyond doubt that the whole historical process was just one damn thing after another.

In the steps of Livingstone came the likes of H.M. Stanley, Cecil Rhodes, the German Carl Peters and the Belgian Baron Dhanis. They shot their way to whatever happened to be their objective. In another useful euphemism, this was a "forward" policy, at the end of which were claims, the hoisting of flags, and annexation. Local chiefs would find themselves confronted by a treaty form in a foreign language, and with or without a signature the chief and his tribe were to lose independence.

Trade followed the flag. Immemorial Africa had virtually no wealth to be exploited. Slaving was its most profitable activity. European enthusiasm to set up trading enterprises was a matter of faith. Fortunes from mining, diamonds, rubber and other primary products

could be made only after the technology for extraction and the means of transport were in place. Pakenham gives excellent summaries of the careers of the capitalists involved, most of them more hopeful than rewarded.

The Left might have been expected to attack so open an extension of capitalism and power. Far from it, Karl Marx spoke for contemporary radicals in praising the white man's conquests as a triumph over barbarism. Christians and

THE SCRAMBLE FOR AFRICA 1876-1912
by Thomas Pakenham

Weidenfeld & Nicolson £20, 738 pages

do-gooders concurred, in the belief that the ending of the slave trade, no matter how violently this was implemented, was justification enough for the European presence. To the Africans, there was no much to choose between a bishop, a sergeant and a trader.

King Leopold of the Belgians was the one man who foresaw from the start the complete conquest of Africa, and to him this signified spoils. This "master-diplomat of the scramble" as Pakenham calls him, is the book's chief villain. Certainly he concealed his ambitions, playing upon the achievements of others in order to acquire the Congo, at first as a personal domain but finally as a Belgian colony. It was not accidental that the worst cruelties occurred under his hypocritical aegis.

One constant theme of this book is the reluctance of almost all politicians and rulers to acquire additions to empire. The British and French, in particular, saw colonies as unnecessary diversion of resources from home, expensive and dangerously provocative to rival Powers. Africans found themselves time and again confronted by another "forward" policy initiated by some adventurer who had taken it into his head to push upriver or into the wilds. In search of fame, such men disobeyed orders, knowing themselves to be beyond reach of the telegraph. It proved impossible to disavow their feats. There was

nothing for it except to manipulate public opinion in favour of expansion.

The almost unbelievable incompetence of governors and commanders of military expeditions ironically helped to extend empire. Their blunders had to be righted by the despatch of ever larger and better equipped forces. Pakenham permits himself a light and pleasing sarcasm at the expense of Sir Bartle Frere, Lord Chelmsford, Sir George Colley, Lord Wolseley and many others who blundered so blithely into local disasters. In the best British romantic tradition, he admires those Africans who remained true to their warrior tradition.

The British occupation of Egypt in 1882 marked the moment when the scramble became systematic. The position in Egypt needed buttressing inland. Gladstone was no imperialist, but his declarations that the British would evacuate sounded like mere duplicity. French suspicions could not be allayed. Playing on Anglo-French rivalry, Bismarck saw the opening to found German colonies.

This was European power-politics by proxy, and it is remarkable that the contest was contained within guidelines such as the Berlin Agreement of 1885. Pakenham's chief hero in this respect is Lord Salisbury, who instinctively grasped where lines were to be drawn, and that a concession here might accompany a gain there. Largely thanks to his wisdom and skills, not a shot was fired between European forces in Africa. When British and French columns met in the celebrated Fashoda incident, a final division of the spoils ensued. Only Liberia and Ethiopia retained independence.

Is Africa the worse for having been incorporated into the system of nations in this way? Pakenham thinks not. A process of such magnitude cannot be reduced to any useful moral judgment. At least Europeans and Africans have prospects of meeting on equal terms, which might never have been the case otherwise.

David Pryce-Jones

ARTS

Genius of comic invention

Malcolm Rutherford reviews Alan Ayckbourn's 'The Revengers' Comedies

THE VIEW of the bridge is terrific. Alan Ayckbourn's *The Revengers' Comedies* at the Strand Theatre opens with two would-be suicides preparing to throw themselves down into the Thames and the night traffic going past in the background. But is it the Chelsea or the Albert Bridge? Remember that point, for it is only four hours later that its significance becomes clear. It is about 5½ hours before the bridge reappears.

A central question about Ayckbourn's new play is whether he is justified in extending it to two parts, both full-length, yet undoubtedly the same piece. The answer is just about, though



Joanna Lumley and Griff Rhys Jones

there is a run of about 40 minutes at the end of Part Two where you begin to have serious doubts.

The key to Ayckbourn is that he is only really good when he is being funny. His talents do not stretch to pathos, character development or even to changes of mood. His genius lies in comic inventiveness, and when he is funny he is irresistible. *The Revengers' Comedies* has taken his output of plays to around the 40 mark. Some of the scenes are among the funniest he has ever written.

The would-be suicides save each other, then make a pact to exact revenge on the people who drove them to it. The twist is a role reversal. Henry Bell (played by Griff Rhys Jones) will go for the wife of Karen Knightly's heel of a lover, while Ms Knightly (played by Lia Williams) will pursue the business colleague who did Henry down. It is not immediately clear to Henry that by revenge Karen means murder, but murder she does. The plot proceeds from that initial pact.

In the end over 20 characters are involved. Some of them are pure gems. Best of all the minor characters is Karen's young brother William (played by Adam Godley), who lives in the Knightly country mansion, magnificently rich, not very bright, but utterly harmless and content with his lot. He rides his motorbike round the house to amuse himself. Almost whenever William appears, the play is on track. Very rarely, Godley wears the drooping clothes to perfection.

There is also Norma, the 16½-year-old apprentice servant played by Norma Keegan. A scene in Part One where she attempts to serve the cornflakes at the baronial breakfast table and serves the cornflakes with the sugar tongs is vintage Ayckbourn.

The most sustained comic inventiveness comes in the duel scene in Part Two. "People don't duel any more," says Rhys Jones when challenged. "They do round here. When was the last duel?" "1750!" he guesses. "Last

June." In a wonderful coup de théâtre, the duel spans the end of Act 1 and the beginning of Act 2. It could hardly be bettered, and the pacing of Rhys Jones's performance is superb.

Ayckbourn is more effective and more at home in the country than in the office scenes where Karen begins her ascent up the business ladder. Yet even in the latter there are moments of sheer joy. A scene where Ms Williams undermines another secretary is unashamedly based on the teasing of Malvolio in *Twelfth Night*, but it is none the worse and possibly all the better for that. Note the way it is possible to get through to some people simply by talking about cats.

The character Ms Williams plays is witty and she does it with great skill. Joanna Lumley, by contrast, takes on one of the few relatively straight parts in the piece, the upper class country wife whose husband had the affair with Karen. It must be hard in an Ayckbourn play not to have many funny lines, but Ms Lumley carries it off, notably at her most haughty in Part One. She is described by her uncle (Jeff Wickham) as a "damned fine girl in a country which in my opinion is running pretty short of damned fine girls".

The *Comedies* has its faults. Jeff Shankley who plays the businessman, Bruce Tick, in Part One burps too much. Too many characters are introduced without being developed. Even some of the best ones, like Norma, simply fade away. After the duel scene, the play is never quite as good again and even begins to drag. There was a certain amount of shuffling in the audience towards the end. Yet if you want fun and pleasure and surprise spread over two evenings, *Comedies* works for about 80 per cent of the time, which is pretty good going.

The play is directed by Ayckbourn himself and there is some very clever designing – not only of the Albert Bridge, for such it is – by Roger Glossop.

McGahern's play on the main Abbey stage, *The Power of Darkness*, grew out of a radio adaptation of Tolstoy's *Anna Karenina* of the same name. A rich and elderly landowner is poisoned by his younger wife, who then marries their workman, Paul. Paul then seduces the farmer's daughter from his first marriage, Maggie, and gets rid of his unwanted child. This fairy tale is directed by Garry Hynes in a bare grey set. The east rain and rave for all they are worth, but somehow it was impossible to be moved by their predicaments. The audience seemed fairly divided in their reaction: I hope some of them got more out of it than I did.

Alannah Hopkin

Records

Supreme master of the oratorio

SAUL (1739), *Belshazzar* (1745) and *Theodora* (1750) are three of Handel's greatest oratorios. All three have been recently published on disc in performances that by and large do them fuller justice than any previously preserved.

To enter their world via the new issues is to take up residence in the mind of one of music's supreme dramatists, who – not coincidentally – was also one of its most rounded humanists, most compassionate psychologists and most abundantly gifted melodists. Records, indeed, though they deny the listener the direct-striving thrill of hearing Handel's choral writing and his uniquely colourful scoring in the flesh, provide a specially helpful route of approach into that mind; for Handelians, but by no means for them alone, all three sets are absolute masterpieces.

In his line of English oratorios Handel, liberated (even if unwillingly) from the rigours of the lyric theatre, invented and developed an idealised form of music-drama in which rules could be broken and conventions slighted to make dramatic points, scenes could be achieved in a flash, and (given the presence of a chorus) large moral issues could be tackled on a proportionately large scale. Generalising wildly, one might say that Handel's mastery of the 18th-century opera seria in all its minutely ordered complexity had led him to a series of works in which the vagaries of the human heart are examined in intimate detail when, later in life, he came to write his oratorios, that peculiar intimacy and completeness of understanding was not lost but, rather, set in new, outward-looking social contexts.

The magnificence of *Saul* and *Belshazzar* and the ineffable quiet radiance of *Theodora*, one of the composer's own favourites among all his works, depend equally on the closely pictured mortals who suffer at their centre and the "public" sense of dramatic climax. The Vienna *Theodora* is an intensely felt and communicated affair which – this will hardly surprise observers of Harnoncourt's records and live performances – veers between

extremes of slow and fast; the effect is sometimes gripping in the right, dramatic way, sometimes merely eccentric.

But then there is also the matter of the soloists. Another factor common to the new recordings is the almost uniform expertise of the singing, with accuracy, fleetness, and tonal beauty guaranteed (James Bowman's *Belshazzar* Daniel hosty but impassioned, may divide tastes, and in the same work David Wilson-Johnson's Gubrias sounds to me at once too light and too consonant-emphatic).

In the *Gardiner Saul*, however, the pull of drama between Saul, Jonathan and David doesn't achieve full force. The reason for this, I deduce, is that while John Mark Ainsley's tenor Jonathan strikes an ideal note of manly, youthful tenderness, and the David of Derek Lee Ragin – another counter-tenor voice that may divide tastes – kindles fire from words and tone, Alastair Miles doesn't begin to compass the torments of the maddened king. His well-groomed bass, resonant and finely produced, said with notable virtuosity through florid writing that severely strained both Donald McIntyre and Fischer-Dieskau, his predecessor Sauls on record; on the whole, though, this recording has happened, I fear, far too early in his career.

Similarly, the *Belshazzar* shows us a ripely overweening titular figure in Rolfe Johnson, a beautiful fresh and graceful

Cyrus in Catherine Robbin, and an insufficiently commanding Nitocris in Arleen Auger. The Queen Mother, a cross between Cassandra, Fricka and Volturna, who launches the work with that greatest of all opening lines, "Vain, fluctuating state of human empire!", is simply a grander and more imposing figure than the limpid, shapely tones and impeccable manners of the admirable American soprano are capable of conveying.

In this respect I find the *Theodora* most affecting of the three performances. Only Robert Alexander, a passingly unweary but always deeply touching heroine, is native to the English language; the German Blochwitz, whose Septimus offers some of the loveliest Handel tenor singing on record, manages the words with excellent confidence, but elsewhere there are more obvious infelicities of diction. Yet all five principals achieve flesh-and-blood characterisations; a work sometimes found pallid when lesser artists tackle it seizes the listener by the emotional scruff all the way through.

Max Loppert

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'Rienzi' boosts Prague

PRAGUE desperately needs the kind of artistic success it has just had with *Rienzi* at the Smetana Theatre. The 14th century Roman tribune who inspired the young Wagner may seem an unlikely hero in democratic Czechoslovakia, especially in an interpretation which, like Nicholas Hynes's for ENO in 1983, mines the fascist undertones in the work. But *Rienzi* adds a dash of much-needed colour to the jaded Prague repertoire, and demonstrates afresh how a common artistic endeavour, drawing on the enthusiasm and talent of all concerned, can surmount the most chaotic administrative and financial circumstances.

After 40 years of Communist-imposed marriage, the National and Smetana theatres are in the throes of acrimonious divorce, with all kinds of disputes about who gets what: repertory singers, box-office, even canteen tipples. Due to a series of management own-goals, the production of *Don Giovanni* scheduled to re-open the historic Stavovské Theatre in a few weeks' time has been boycotted by all senior Czech conductors – leading to the last-minute engagement of Sir Charles Mackerras – and is being described as a financial fiasco. The National Theatre has sidelined its two most experienced and inspirational conductors, Zdeněk Košler and Bohumil Gregor, and Gregor is now out of work – which is nothing short of a scandal.

Meanwhile, in the scramble to make money from Prague's cultural heritage, the summer turned into a non-stop series of ill-coordinated festivals, with two high-profile Mozart jamborees even managing to overlap place at all. The production was put together on the Smetana Theatre's shoe-string budget, and survived a number of late cancellations and setbacks. None of this showed in performance. With only two and a quarter hours of music, the work was even more heavily cut than the ENO version, but it came over as seamlessly fluent, with a dramatic logic and thrust from start to finish.

The Roman setting was suggested by painted flats of heavy classical architecture and covered patios (designed by Vladimír Nyvlt). Costumes were 1930s bourgeois, with the nobles in red berets and black shirts. But the sense of time and place was nicely blurred. Beneath the Roman sash and crown, *Rienzi* was handsomely decked out in white suit and gold mane of hair. This was *Rienzi* as matinee idol – with the Messengers of Peace a chorus of swooning overgrown schoolgirls – and as consummate media politician, spreading the word by newspaper and photo-poster, delivering his Act two oration from the autocue. The ballets were played as a grotesque mime of slowly protruding figures, while Adriano's big Act three scene was framed by two guards performing a ceremonial goosestep.

Although some of the early scenes bore traces of the old Prague staging mannerisms, Ladislav Škro's subtly stylised, tongue-in-cheek production told the story simply and effectively. The chorus reassured itself as one of Prague's glories – the women's voices attacking their fearsome high lines with exciting power – and the orchestral playing under Ivan Pafik, some wiry cello tone apart, was sensitive and fine-tuned.

But the production's greatest asset was the Austrian hell-tenor Peter Svendsen, who made an ideal *Rienzi* – ringing tone, musical delivery, confident and personable appearance. He looks and sounds not unlike the young René Kollo, but with less bluster. In short, Svendsen is a major find. Adriano was sung by the veteran German mezzo Ortrun Wenkel, who turned herself into a credibly quick-footed romantic lead while drawing on her considerable experience to negotiate the Italianate vocal leaps. Strong supporting contributions came from Martin Winkler as Colonna and from several Czech stalwarts in smaller roles. Libuše Macháčková-Hrubá's braying Irene was the sole throwback to the old melodramatic clichés.

Perhaps *Rienzi* will turn out to have been a one-production wonder. On the other hand, it could mark the long-awaited turnaround in Prague's operatic fortunes. What is beyond doubt is that it adds up to an emphatic statement of intent by the new management at the Smetana Theatre – to give original-language performances wherever possible, to engage good foreign singers who are prepared to accept interesting work for less pay, and to break from the fossilised tradition inherited from the Communists. The repertory for the rest of the season – including *Don Giovanni*, *Die Meistersinger*, *Die Fledermaus* and *Die Entführung aus dem Serail* – looks foolhardy for a company laying new foundations. But *Rienzi* has provided just the kind of psychological boost that Prague's opera life needs.



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SATURDAY

BBC1

7.25 News 7.30 Orie 7.40 Operetta Atract
7.50 The Jeunes 8.15 Clunking 8.25 Dunc
8.30 and Dragons 8.40 Chuck Live!

12.12 Weather.

12.18 Grandstand, introduced by Steve
Rider (including 12.20 Golf. The
semi-finals of the World Match-
play from Wentworth. 12.45 Foot-
ball: A review of the week's
European Championship action.
1.00 News. 1.05 Football Review.
1.15 Golf. 2.00 Grand Prix
Snooker: From the 1991 World
Reading. 3.10 Golf. 3.15 Football
Half-times. 4.00 Golf. 4.35 Final
Score. Times may vary.

5.00 News.

5.10 Regional News and Sport.

5.15 One to Win.

5.43 Only Fools and Horses. A new
spark in Rodney's life rekindles
an old flame of Del's. Starring
David Jason.

6.15 Bruce Forsyth's Generation
Game.

7.15 Challenge Anneke. Anneke must
create a quarantine area for
some orphaned chimps rescued
from beach photographers in
Spain.

8.05 Birds of a Feather. Tracy has a
mean about British prisoners not
having conjugal rights, and
Dorcas decides to do some
research on long-term imprisonment
and sexual deprivation.

8.35 The House of Eliott. Beatrice's
emotional life is thrown into tur-
moil, when the man she was
originally going to marry turns up
unexpectedly. With Stella Gonet
and Louise Lombard.

9.30 News and Sport. Weather.

9.50 Saturday Night Club. Clive
James is joined in the studio by
Sir Peter Ustinov.

10.35 Film: The Big Sheep. A tough tale
of sex and murder. A private in-
vestigator Philip Marlowe is
hired to deal with a black-
mailer. Starring Robert Mitchum,
John Collins, Edward Fox, Sarah
Miles, John Mills and Oliver Reed
(1978).

12.10 Film: Carry Me Back. Two sons
and their father travel to Wollin-
ger, New Zealand, to see a rugby
match. Unfortunately the father
dies, and Arthur and Jimmy try to
fulfil their father's dying wish to
be buried at home on the farm.
Starring Grant Tully and Kelly
Johnson (1982).

1.35 Weather.

1.40 Close.

BBC2

9.00 Open University. 11.05 Spirit of Asia. 12.05
pm Holiday Outings. 12.15 Film: Days of Thrills
and Laughter with Douglas Fairbanks. Charlie
Chaplin and Laurel and Hardy.

1.45 Hairs and Graces. Bolivar Castle

2.15 Network East. Featuring Apache

Indian, the vocal Brummie who's
set to storm the charts. Plus
Theatre Company's latest produc-
tion Song for a Sanctuary, based
on the true case of the murder of
Baird Kent.

2.45 Shakespeare. English subtitle.

3.35 Film: Son of Paleface. Junior, the
son of Indian fighter Paleface Pol-
ter, becomes involved with shady
dealings of the Dirty Shame
saloon when he goes west to
claim the inheritance left by his
infamous father. Starring Bob
Hope and Jane Russell with Roy
Rogers (1952).

4.55 Snooker: Grand Prix. David Vine
presents more action from the
Hexagon, Reading.

6.10 Japanese Language and People.

Joining travel writer Alan Booth
as he walks the length of Japan for
his book, The Road to Sota.

6.40 Late Again.

7.25 Have I Got News for You? With
Terry Banks MP and Rory
McGrath.

7.55 News and Sport. Weather.

8.10 Sounds of the Sixties. With the
advent of BBC2 in 1964, there
came a new force in British tele-
vision - The Beat Room.

8.40 The Second Russian Revolution.

In March 1988 Gorbachev left
Moscow for a week. While he was
away, hardliners moved swiftly in
their attempt to undermine his
authority. This attempted coup
against the President is
described by those who were
involved.

9.30 Performance. Nona, an old
woman who can't stop eating,
causes problems for her family,
who are heading for bankruptcy
and breakdown. Stars Les Daw-
son.

10.55 Snooker: Grand Prix. David Vine
presents the latest developments
from the Hexagon, Reading.

12.25 Golf: World Matchplay. Steve
Rider introduces highlights from
today's semi-finals.

1.05 Def II: Dance Energy.

1.40 Close.

4.50 Japanese Grand Prix. Live cover-
age of the race from Suzuka. For
Nigel Mansell's World Driver's
title hopes to be fulfilled, Senna
must finish third or worse.

LWT

6.00 TV Am. 8.25 Matamoras. 11.00 The ITV
Chart Show. 12.00 Sam and Greville. 12.35
pm ITN News. Weather. 12.40 LWT News.
Weather.

12.45 Rugby World Cup 91

Quarter-Finals. Frank Bough
introduces the action from the
first of quarter-finals between
Scotland and Western Samoa at
Murrayfield and France v
England at Parc des Princes.

4.45 Results Service.

5.00 ITN News. Weather.

5.05 LWT News. Weather.

5.10 10 Sharp.

5.25 Catchphrase. New series.

5.35 Baywatch. New series.

6.45 Blind Date.

7.45 Stay Lucky. Thomas is in a tight
mess with his business accounts
and while Sully's good at sums,
she has to answer another cry for
help from across the Pinnines.

8.45 ITN News. Weather.

9.00 LWT Weather.

9.05 Film: Pale Rider. Clint Eastwood
stars as a gunslinging clergyman
who attempts to save a gold-min-
ing community from a ruthless
tycoon. Also starring Michael
Morley and Carrie Snodgrass
(1985).

11.10 Rugby World Cup 91. Highlights
from the quarter-finals played
this afternoon at Murrayfield
between Scotland and Western
Samoa) and Paris (France and
England). Introduced by David
Bohin.

12.10 Tour of Duty.

1.05 Get Stuffed. ITN News Headlines.

1.10 WCW Pro Wrestling.

2.05 Get Stuffed.

2.10 New Music. ITN News Headlines.

3.10 Couch.

3.40 Baseball 1991.

4.30 The Hit Man and Her

CHANNEL4

6.00 Early Morning. 8.30 Sam and Greville. 10.00
Noah's Ark. 10.30 Wagon Train. 11.30 Tony
Jacklin's Pro-Colourbox Golf Challenge. 12.35
pm American Football. Red 42.

1.00 Film: Joe Smith, American. World
War Two morale-booster about a
kidnapped munitions worker who
refuses to divulge information to
the Nazis. Starring Robert Young
(1942).

2.10 Racing from Newmarket. Introduced
by Brough Scott. Featuring the
2.35 Dubai Champion Stakes.
3.05 Philip Cornes Houghton
Stakes. 3.45 Tote Coscarewicz
Houghton. 4.20 Olivier Coucou
Memorial Handicap. 4.50 TNT
Aviation Betnack Stakes.

5.05 Brookside. News Summary and
Weather.

6.30 Right to Reply. With Rory
Grath.

7.00 South. The radical magazine pro-
gramme features items by film-
makers from China and Vietnam.
Beijing's students discuss the
realities of their post-Tiananmen
world.

8.00 Film: The Captain's Paradise. A
ferry-boat captain establishes the
perfect formula for living by hav-
ing a wife in each port, of op-
posite personalities. Starring Alec
Guinness and Celia Johnson
(1953).

9.40 Next Stop Hollywood: Mr Fiat.
Tupper Leno's quirky story
focuses on a married couple who
find they communicate far better
over the phone than in person. To
celebrate the point, the husband
builds a wall through the centre of
the house.

10.10 Film: Red Sorghum. Beginning
the Mondo Cinema season with a
tragic folk-tale about how the
lyric life in a small rural com-
munity is shattered by the inva-
sion of the Japanese in the
Sino-Japanese War. Directed by
Chinese film-maker Zhang Yimou
(1987).

11.50 Punks in Prague. Examining the
punk phenomenon in Czechoslo-
vakia both before and after the
revolution.

12.20 DOA.

2.00 American Football - Red 42.

2.30 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT
AT THE FOLLOWING TIMES:-

ANGLIA:

12.40 Anglia News. 5.05 Anglia News and Sport
Weather. 5.20 Warner Brothers' Cartoon. 9.00 Regional
Weather.

BORDER:

12.40 Border News. 5.05 Border News and
Weather. 5.15 Cartoon Time. 11.10 The Granada
Match.

CENTRAL:

12.40 Central News. 5.05 Central News. 5.15
Central Sports Special - Goals Extra. 9.00
Local Weather.

CHANNEL4:

12.30 Channel Island Weather. 12.40 Diary
Dates. 5.05 Channel News. 5.15 Berke the Bat.
5.15 Puffin's Paradise.

GRAMPAN:

12.40 Grampian Headlines. 4.45 Sportsport
Results. 5.05 Grampian Headlines. 5.10 Grampian
5.15 Puffin's Paradise. 9.00 Grampian
Weather. 11.10 Kebab.

GRANADA:

12.40 Granada News. 5.05 Granada News. 5.10
Granada Goals Extra. 11.10 The Granada
Match.

HTV:

12.40 HTV News. 5.05 HTV News and Sport.
5.20 Cartoon Time.

MTV Wales as HTV except:

12.40 Cartoon Time. 5.20 Cartoon Time.

SCOTCH:

12.40 Scotland Today. 4.45 Sportsport Results.
5.05 Scotland Today. 5.15 Cartoon Time. 9.00
Scottish Weather.

TSW:

12.40 Superstar. 11.30 The South West Week.
12.40 TSW News. 5.05 TSW News and Sport. 5.15
Gus Honeybun's Cartoon. 9.00 TSW
Weather.

TVS:

12.40 TVS News. 5.05 TVS News and Sport. 5.15
Cartoon.

TVS NEWS:

12.40 Regional News. 5.05 Northern Lido Sport
Special. 5.15 Cartoon Time. 11.10 Kebab.

ULSTER:

12.40 Ulster News. 5.05 Ulster News. 5.15
Gus Honeybun's Cartoon. 9.00 Ulster
Weather. 11.10 The Granada Match.

YORKSHIRE:

12.40 Yorkshire News. 5.05 Yorkshire News. 5.15
Cartoon Time. 9.00 Local Weather.

S4C WALES AS CHANNEL 4 EXCEPT:-

9.30 Jellif. 10.00 Time Tunnel. 11.00 I Love
Lucy. 11.30 Same Difference. 12.00 Saturday-
night. 12.30 Rhydd. 1.00 Capan Y Dyd featuring
the quarter-finals with reports from Edinburgh
and Paris, plus a recording of two horse races,
the Dubai Champion Stakes and the Casanova
Memorial Handicap. 1.30 The Weather. 2.00
Newspaper. 2.30 The Weather. 3.00 The Weather.
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Hanson's outburst rings a Bell

unrealistic of Hanson to believe that this could be made as attractive to expensive editors as a tale involving expensive racehorses and the colourful Lord White.

I also have some sympathy for Tim Bell for another reason, having once myself been on the receiving end of a plain-speaking fax from Lord Hanson. He had, I confess, quite rightly objected that one of the headlines on the front of *The Spectator* oversold the story inside. He said he was not getting his money's worth.

I agreed, and somewhat facetiously sent him a cheque to the value of one copy of *The Spectator*. He cashed it immediately. You can take the man out of Yorkshire, but you can't take Yorkshire out of the man.

■ *Dominic Lawson is editor of The Spectator.*

Failing the test of life

He continued: "I'm not sure that the large bulk of parents are unhappy with the education their children get." When parents were polled they often expressed concern about education in general but were reasonably content with their own children's schools.

"I would labour do better? No! Don't know. There is a lot of common ground on schools. As to their political act of faith, I have no idea. The national curriculum will lead to higher standards and the GCSE exam I think has been a success. I've got doubts whether any party has really sorted out what to do for pupils beyond the age of 16. There's still a lack of clear decision-making. When you get really involved in something it rarely ever ties up with party politics."

Some things were measurable - competence in long division, for example, was much less now. But in the age of the pocket calculator, did it matter? Or, on the contrary, was long division in some sense good for children?

But, I said, it is not just a question of long division or *reciting times-tables*. People

"Well, now in retrospect, it's clear to say, yes it was." But, he added: "It was nobody's fault. No governments or anybody else so far as I know thought it wrong at the time."

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LAGER LOUTS, or "beer monsters," as they are more modestly known, are so often picked upon by newspaper columnists that I shall refrain from adding fresh censure. These lads are, after all, only the product of educational policies for which we all voted in the past; and anyway they are no longer a solely British phenomenon.

Still, I was relieved when my chair took me to Crete, disgorged its contents in opposite directions. The beer monsters and their molls — each girl sporting a head of ringlets sauteed in gelatine — headed East. They left the rest of us — middle-aged bird-spotting couples, men with ponytails, girls who looked like they might be useful if you were stranded in the jungle with them — to work our way West.

We knew what we were looking for. Random accommodation. Bread and cheese in olive groves. Beaches where the nightlife is laid on by an orchestra of crickets, and Aurora does the lights. And above all, sharing smiles and wine with the local nobility: which is, for us, the peasants.

The Mediterranean peasant is venerated by the bird-spotting and ponytail entourage, and he is particularly obliging sort of peasant that inhabits the western side of Crete.

We come across him in his baggy black jodphurs, and boots, and fierce moustache; he has the proud but beaten physiognomy that we want from a peasant, and he is generally amiable, without grovelling.

Crete's monsters

We exchange salutations on the road, or in the bar, feeling smugly unalike; we recall the prophecy made by Virginia Woolf, that "peasants are the great sanctuary of sanity . . . when they disappear, there is no hope for the race." And we curse the beer monsters, ruining the other side of the street, and the other side of the road.

I spoke to one old fellow who crawled into the village square behind the wheel of a battered, flautent Morris Oxford. "They don't build them like that any more, do they?" I said, cheerily. "No," grunted the peasant. "Now they make cars that go." Silly me. This man wants a Toyota, but the only chance he has of owning one is to enter a lottery. I reproved myself for following an absurd romance. How many peasants doffed their caps to Virginia Woolf in WC1? I told myself that the only people who applaud the peasant's existence are those who do not have to share it. Anyone who has attempted to move from a £100 a week to a £400 a week will know that some all Cretons have a Toyota, the happier they will be.

I had more to learn. I bought myself a sheet of 60-dramma stamps. Just what a British traveller wants to see: a commemoration of the Battle of Creta, and all the signs that combined bands of Cretan

peasants and renegade archaeologists from the Knossos excavations somehow held off Hitler's crack paratroopers.

The names of Pendlebury, Dumbarton, Leigh Fermor and Stanley Moss were all on my pocketknife: the Cretan peasant was invested with the extra kudos of distinction in number, though I knew it was really rather a shambles on the part of the British, and an extraordinary action by the Germans. But it is disconcerting, when you vacate your bus

HAWKS & HANDSAWS

seat for an ancient crone, and she thanks you with "Danke schön." "Ich bin Engländer," I blushed, though I knew it was "Aah, guiti!" she exclaimed.

Growing wider by the hour, I made my way to an "unspoiled" beach on the west coast. I found a sheet of sand unpunctuated by the naked bodies of the ponytail detachment.

To me this was not offensive, although I consider that most people look better with their clothes on, and these nudists were puny specimens, save for

one magnificent Brännbild figure with whom it would have been splendid to be stranded in a jungle.

What was more significant was the arrival of a peasant, in all his traditional gear. Hello, I thought are we in for a scene? Is nudism on this beach a matter for local outrage? Is the Old World still taking a stand against the New? The peasant carried a portable table, which he set up on the sand. For a moment, I thought he was going to deliver a sermon. But then he laid out a tray, and began to shout. "Doughnuts!" he cried. "*Efin stukk, znei hundert! Zwei hundert!*"

Brännbild strode imperiously over and took several. Her brazen nakedness before an aged native appalled me, although it crossed my mind that she would have been worshipped as a cult figure in these parts about 3,000 years ago. But again I had to reproach myself for perceiving indignity in the scene. I have seen too many men harvested: it is surely laborious. Hawking doughnuts on the beach must be ten times easier, and the profit margin huge. As Dr. Johnson used to say, a man is never more innocently employed than when he is making money. Who am I to send this peasant back to his olive grove?

Nursing such thoughts, I went on to the eastern side of the island, where the beer monsters share sites with Minoan palaces. I tried to resist the elegaic complaint: did Penelope try to make this possible?, and sought to recognise the positive side of unbridled development.

So I saw that the beer monsters were spending their money freely on Cretans who were eager to supply knock-knocks for such expenditure, and that the result of this was a marked presence of Toyotas.

All is well, I thought: here are places that are no longer picturesque to me, but their inhabitants are happy. They have the Toyotas and telephones and microwave ovens that they treasure.

Newly educated to accept the end of the peasant with good grace, I checked in for departure at Heraklion airport. Here I overheard a couple of beer monsters relating how one evening they had got so drunk that they were unable to steer their hired moped back to their hotel, so they ditched it by the roadside, and staggered back on foot. Returning to the discarded machine next morning, they found it strewn with flowers by some local rustics who assumed that their rider must be in his grave or a hospital bed.

The beer monsters thought this a good laugh, a very good laugh. I can still hear their ebullish of ridicule, "Stooped f---ing peasants!" as I write.

Stooped peasants. How could anyone ever think they were the last hope of our race?

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Travel

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SECTION III

A magic carpet salesman

Nicholas Woodsworth on the pitfalls and rewards of following an ancient caravan trail

IT IS WHEN things get especially slow that most travel-guide writers like to lay it on thickest, or so it seemed to me as I drove the long and unutterably dull road across the Anatolian plain to the city of Konya.

As I sped, I read. This is easy enough to do on a flat and empty landscape where the highway disappears as straight as a die over the horizon. The road I was following, my impassioned text told me, was "the ancient caravan trail connecting Rome to the East." Well, that was all right: at least I could see it. But where were the "nomad yurts in the distance," the "haunting ruins of the Seljuk caravanserais," the "goatherds with their flocks," the "lone burdened camel whose driver turns to shoot back a grin as you pass?"

As far as I could see - and I could see a very long way - I was alone on a plain of brown grass with nothing more to look at than the electricity pylons of a distant transmission line. What hope, then, could I hold out for Konya? It would take some imagination to believe that the city has ever been the centre for anything, for it sits in the middle of nothing.

Lacking other diversion, I read on.

There it was on the next page. Konya was, as I expected, like the road. It was ancient. But it was much more than just ancient. It was "the ancient capital of the Seljuk empire, centre of the mysterious land of Rum, home of the Sufi mystic Mevlana Jelaladdin, leader of the whirling dervishes - a sinister city of mosques, minarets and veiled women in bazaars, where the long-piped *ney* is still played in

Mevlana's *medrese*..."

On and on it went, a sentence so long that, fascinated as I might have been to find out what a *ney* was - and what it was doing in the mystic's *medrese* - I had to look up. I had nearly run off the road. To find out I would have to wait until I reached the sinister city.

For all the guide's melodramatic prose, Konya is an ancient city. It was old even in 1,200 BC, when the Phrygians lived there; they believed it to be the first city to have emerged after the Flood. The ruins of Catal Hoyuk, 25 miles from Konya, provide some evidence for this belief. Archaeologists claim it housed the oldest known settled community in the world. Certainly my hotel, the Dergah, was old. During my stay there the ancient plumbing in the bathroom gave up the ghost, giving rise to its own spectacular flood and ruins.

But Konya sinister? Hardly. Perhaps it was sinister in the past. During the time it was the capital of the Roman province of Galatia, Saint Paul found it such a den of pagan inquiry he felt compelled to write its citizens an open letter.

The Galatians cannot have taken its Christian message wholly to heart, for today Konya is the most fervently Muslim town in all Turkey. I arrived during Bayram, the holiday that follows the long and difficult fasting period of Ramadan. The city was full of beards of jubilation, holidaying Turks offering sweets to all and sundry as they made the rounds of Konya's holy sites. How sinister can you get?

The Dergah hotel sits just 100 yards from the turquoise-

tilled dome that covers the monastery and tomb of the Mevlana, the celebrated Sufi who founded the Dervish order in Konya in the 1200s. Here I ran to ground the mysterious *ney*. A long bamboo-like flute, it once provided the music to which troops of dervishes, robes flying, whirled themselves into states of spiritual ecstasy.

These days the Mevlana's monastery draws more motor-coaches than mystics, and *neys* spend most of their time behind show-case glass. The modern Turkish nationalist leader Kemal Ataturk found that the Dervish order's political influence was at least as developed as its spiritual mastery, and along with other powerful sects, banned it. Still, the Dervishes continue to exist as a cultural organisation, and the tomb remains one of the most revered in the country.

It was on my way back from the master's tomb that I discovered that Konya, lost in the middle of the Turkish steppe, is, in fact, a centre for something. It is not spinning ecstasies, nomad yurts, veiled women or grinning camel drivers. It is carpets, some of the best in the world.

Carpets are to Konya what steel is to Pittsburgh: no longer the sole basis of the local economy but so deep in the blood no-one can imagine life without them. Wheat farming has always been around. But, Ali Osman told me with some satisfaction, when Marco Polo passed through it was not the wheat he remarked on but the carpet-making.

Ali Osman's shop sits on the corner between the Dergah and the Mevlana monastery, a fine location for catching the tomb-bound tourist trade. The shop



Guzelyurt town in central Cappadocia, home of an ancient culture

Turkey: information file

is on a second floor, entered by a narrow stairway, and not immediately noticeable. But Ali Osman has got around that problem; he keeps his younger cousins and nephews posted out on the sidewalks. All of them speak four or five languages, are as sharp as tacks, and could sell sand to the Saudis. If you do not know of Ali Osman's carpet shop by the time you have passed the corner, neither would you notice a dervish if he whirled down the middle of the street.

Selling carpets is a competitive business in Konya. There

are more than 100 carpet dealers like Ali Osman in town. Some of Ali Osman's less linguistically-accomplished colleagues like to begin their pitch with the remark to passers-by that they are on the "Silk Trail." They mean, of course, the historic Silk Trail to the East. But the first is equally true.

Carpet dealing, it seems, is the Oriental equivalent of horse-dealing in the West, the one in which an average punter like me, enthusiastic

summer, and best visited in spring and autumn.

If you appreciate creature comforts, a trip to Konya might be most conveniently combined with a visit to the well-known rock-churches of Cappadocia, where tourism is well-developed. Konya has a large number of hotels, but none of international standards.

Konya remains one of the largest centres in Turkey for knotted and kilim carpets. You may find carpets cheaper there than in Istanbul or along the coast. Ali Osman Suband can be contacted at the Kandil Carpet and Kilim Shop in Konya on (33)-110127.

Turn to Page V

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TRAVEL

Naples: full of scoundrels and maniacs

Nigel Spivey revisits a city where all the residents appear to live on the margins of criminality

MY FIRST visit to Naples was by train. On the station concourse I was approached by a man who offered me a night with his virgin sister for about £25. I hurried on, to meet a professor who was visiting the National Museum. The professor was manacled to a briefcase. He had been robbed once before in Naples and had invested in a pair of handcuffs.

It seemed to me that a thief would suppose that such a briefcase contained more than commendable jottings on Greek vases, seeing it attached so securely to its owner. But the professor reckoned his notes worth his life. He would stay in Naples for the briefest possible time. It was, he said, a city infested with scoundrels and maniacs.

Returning to Naples a decade later - this time by air - I found the place as generously packed with scoundrels and maniacs as it ever was. The maniacs are easily explained: Italy got shot of lunatic asylums not long ago, and Naples is probably not the only place where you are greeted by the crazy grins of tormented souls dragging their misshapen bodies through the streets.

As for the scoundrels, they command as much admiration as disgust. You have to admire the skills of the delinquents whacking a ball about beneath your hotel window at 3am and, if a man with a mandolin comes up to you in a restaurant and starts crooning - or, worse, puts his foot on the table while he croons - what can you do but crackle a thousand lire at him in reward for sheer impudence?

According to the rest of Italy, there is hardly any Neapolitan who does not live on the margins of criminality. Even those Neapolitans who seem more divine than human may be jailbirds, if only for a month or two. And when at liberty, all Neapolitans present



A Neapolitan market - the food and wine are worth further investigation

a tableau of fine entertainment for the tourist.

A weekend ought certainly to include the witness of a *passaggiata*. To say this is a "walk" conveys little of its extraordinary social and erotic importance. It is a pre-prandial promenade, staged to be seen. I installed myself in a harbour-front bar to watch the display, and was joined by a group of naval officers who glugged Peroni gas straight from the bottle and were quite over-awed at

the glamour processing before their eyes.

Nowhere are women more feline than in Naples, and the *passaggiata* is their catwalk. The young men strut with enviable arrogance while the older men, with neat moustaches and perfectly-cooked tribbles, link arms and discuss their criminal business with great dramatic style.

The Royal Naval men, who since Nelson's time have parked their frigates in Naples

harbour, were in short sleeves and perspiring, the greatest mystery was how the women could be putting along in fur coats. As we watched, a bundle of assorted Neapolitan mongrels appeared on the pavement, and began eagerly cupulating on the red carpet of a hotel entrance. No one seemed to bat an eyelid at these randy strays. Later on, as I walked along the harbour-front towards La Bersagliera, a restaurant which retains some

residual elegance of Bourbon manners, I passed a mile-long line of couples in parked cars. Most seemed to be locked in the postures that sex educationists call heavy petting: it was done with all the insouciance of the bumbling dogs.

The BBC once told us that Neapolitans enjoy the healthiest diet in the world. The seafood, especially the swordfish, is excellent; so too is the pizza, although it is always worth remembering that the first pizzas

were combined by a Jesuit priest with the object of producing not a gourmet experience, but a cheap means of assisting the starving classes of Naples. Above all, though, there is the wine. Whether the wine comes from the slopes of Vesuvius, or the volcanic island of Ischia, and whether it is white or red, it has a clean, grainy edge to it. Not often encountered in shops in Britain, it is worth serious investigation in situ.

Quaffing the local vintage soon changes your view of Naples. The noise, the grubbiness, the scavenging mutts and the scootering bag-snatchers, become minor nuisances. If the city is too much, it is easily escaped: ferries and hydrofoils to Capri (where the retreat of Tiberius is worth a stiff climb) and Ischia (pleasant, as German colonies go); or, of course, Vesuvius and its Roman urban victims. But I suspect that many people will get as much as they want of antiquity in

the National Museum, which contains many of the paintings from Pompeii and Herculaneum, as well as some large florid masterworks of Roman sculpture. Unusually for Italy, the museum shop is well-stocked with reproductions.

Its holdings of ancient art make the National Museum one of the world's great museums. And you can make its Suffolk-pink brickwork a landmark around which to base further exploration of the civilised parts of Naples. Just opposite the museum is a shoe-polishing place (*Lustrascarpe*), whose very existence is another token of the peculiar Neapolitan gentility of the old men of Naples. Then, walking down to Piazza Dante, you pass a shop called *Bimbi Belli*: beautiful kids, for whom the most delightful shoes and clothes are specially designed. Naples may be vicious, but it is an infantocracy, and the ubiquitous good treatment of their children enlarges your affection for the people of Naples.

In Piazza Dante, look out for a bar purveying "Mexico coffee." The bags under the eyes of the men serving this coffee testify to its addictive exquisiteness (be warned: it is automatically sweetened unless you specify otherwise). Given what the Italians call the *urto del caffè*, roughly equivalent to a good slap in the face, you can proceed to the city's most unusual church, Santa Chiara. The cloister of Santa Chiara is done in mahogany, and encased by vines and citrus trees. It is a quiet place. The decoration is absorbing. If this is the criminal world, then it pays to be here.

Information: Nigel Spivey flew to Naples with British Airways. BA flies to Naples five times a week: its Eurotraveller fare is £185 return. He stayed in the Hotel Rex, Via Palepoli 12, in the Santa Lucia district. Rooms available for £60,000 per night (roughly £30). Tel: 416388-416160.

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TRAVEL

The true confessions of a drinking man

James Henderson, glass in hand, weaves his way through the beer halls of Bohemia

"ALL IS well where Beer is brewed". Old Bohemian proverb.

The very mention of the word "beer" in Britain is enough to make some people cross themselves and shuffle away. Understandably. You might be a Real Ale pedant, or perhaps you are about to regale them with stories of a karaoke video-session at the local and then burst out in a medley of songs.

But in Central Europe beer is regarded as a perfectly normal drink. Even Presidents partake. Oompah-pah bands and jolly giants in leather shorts are as rare as Morris dancers. And besides, Central European beer is also a whole lot more drinkable than the fearsome brews, steeped in cadmium and catfish, that are concocted in British breweries.

The fact that both Pilsen and Budweis, names that have spawned beers all over the world, are towns in Bohemia made me realise that Czech lands must be worth investigating. There was no shortage of boozing companions offering to come along for the ride, so three of us set off on a tour of the Czech land.

We travelled from Germany. Pilsen is about 50 miles from the border. Like Ceske Budejovice (Budweis), Pilsen is in the old German Sudetenland, now a bit of Slav into the German-speaking mass of Central Europe. Around us the alphabet suddenly changed - the letters of the Czech language look odd stacked in unusual combinations, put through gymnastic paces by unfamiliar accents.

Pilsen is a sad town. Unlike Prague, which has been steadily restored, it has been left to decay for 40 years. Everywhere there is an infestation of wooden scaffolding in the streets, shoring up the elegant pre-war buildings. Ceske Budejovice, however, is in slightly better repair. It is a charming town of medieval streets lined with columns and arches and a baroque central square, all built on the prosperity of salt, cloth, malt and beer.

Of course its other name, Budweis, is world famous. One in four beers drunk in the US are Budweisers. Busch of Anheuser Busch was of Czech



origin and he set up a brand with the name in 1876. There is another brewery, producing the local *Budvar* brand, in among the concrete infestation of the town's suburbs. Unfortunately you can only tour it if you take a tour bus.

However, in Pilsen it is possible to tour the *Pilsensky Prazdroj* brewery. This is the *Urquell* or "original source" of all the *Pils* brews all over the world. You will recognise it immediately by the crowd lugging off crates of Pilsen's best brew and by the dedicatory arch, erected in 1882 to commemorate 50 years of successful brewing. On top is a sculpted scene of cherubs and conquerors flanked by foaming flagons at slightly tipsy angles.

The tour begins with a film of Pilsner brewing, illustrating the "old Czech techniques", in which the beer is made of nothing more than hops, water and malt and then matured in oak casks. The result is a delicious

light brew. The techniques may change soon as the industry receives an injection of foreign cash and begins its modernisation programmes, but for the moment the traditional methods are still used.

From here you go to the boiling rooms where more than 40m gallons are boiled each year in huge inverted copper plungers. And then you follow the brew underground to the *Sklep & Spilka* (they sound like the Bill and Ben of brewing, but in fact mean no more than "fermentation and cellars"), nine kilometres of chilly underground tunnels with a strange bitter smell of yeast and carbon dioxide.

In the fermenting hall a sea of vast oak barrels stand at rebellious angles, bubbling away as the beer is fermented for 60 to 80 days. When the beer is casked and packed off to the Pilsener beer halls. From the cold you emerge into

the convivial warmth of the hall itself.

While chatting and testing the brew in its home town, we discovered that there is actually a Museum of Beer in Pilsen, set in an old Malthouse. Brewing and drinking beer has been a way of life here for hundreds of years. The first recorded brew was in 1088 and the town had a royal charter to make beer by the 12th century.

Three hundred years later a doctor and drinker called Jan Franta and his followers even produced a sort of boozier's charter, *Franta's Pilsen*. With their motto of "Sleep by day, drink, play, sing and make love by night", they produced a series of joke laws in a satire of medieval society. It seems that these maliters' pranks were suppressed fairly quickly by the Church, but their brewing was allowed to continue at least.

There is pub memorabilia from across the ages, including

a wind-up polyphon, a 19th century juke-box with saw-toothed metal records 2 ft in diameter (we heard a rendition of the Blue Danube in plinks and clangs), a multiplicity of steins, brewing and bottling contraptions and a vast boot tankard which maliters had to drink from at their initiation to the guild. This fearsome vessel, which holds about two litres in all, is a close relation of the yard of ale and it will explode in your face if you do not drink it carefully.

And so to Prague, for a booze-up, to follow up on a few of Franta's maxims. For the committed drinker, Prague is larger than life. It has 900-person beer halls, countless local brews of light beer and dark beer, all at 15p a pint. There is even a hotel in Prague where you can spend the night in a beer barrel.

That well known Czech literary character, and confirmed boozier, the Good Soldier Svejk,

had his local at *U Katicka* (At the Chalice). One of his parting lines was: "I'll see you in *U Katicka* on Na tolisti at six in the evening when the war's over". It seemed like a good place to start.

We set down, beneath car-toms of Svejk. In seconds a waiter came by with two fistfuls of litre mugs. He thumped two down on the table, whipped out a pen and scored the table cloth twice. There is no deliberation about what to order here. There is only one thing to drink - Pilsensky Prazdroj - Pilsen. The waiter simply seeps the score for you as the evening goes on.

After sinking a few we moved on to one of the best known beer halls in Prague, *U Fleku* on Kremenova, where they have brewed a dark beer on the premises since 1499. Nearly a thousand people can drink here at any one time, in beer gardens, rooms that resemble medieval taverns, a

cabaret room and a panelled hall that looks like a university college dining room.

We sat in the garden, huddled along a 10 metre table, notching up more scores on a beer mat - the next beer arrives just as you finish the last and you have to catch the waiter if you do not want it. The beer is not bad, though I am sure that it has the faintest whiff of Bovril.

U Fleku is quite well known with the tourists - whole troupes of German backpackers line their rucksacks against the wall and the odd hundred-yard of Italian schoolchildren snakes its way in here, flushed after a hard day's sightseeing - but it is worth a look. It also gets quite noisy and rebellious as they break out into song, but they have not discovered karaoke yet, thank goodness.

Across the Charles Bridge you will find a few smaller local bars with boozing Czechs

rather than boozing Germans, and the farther south you go, the more raucous they become. We started at *U Cerného vola* (At the Black Ox) near the castle and moved on to *U Kocouru* (At the Tomcat) in Mala Strana and then to *Smichov* at the *Hospoda na cecidku*.

Finally we made our way, somehow, out to our hotel at *Na Vlachove* (At the Bear Barrel), a Budvar bar with its dual themes of beer kegs and wagon wheels. You enter through a barrel end into a local bar with wooden panelling and partitions. On the walls are murals depicting the monthly Budvar delivery, underscored with heavy maxims. We started yet another tally, hopelessly, and, encouraged by the locals, began to sing, even more hopelessly, Czech drinking songs.

And then it came to retire to our "rooms": 5,000 litre Budvar beer barrels turned on their side, each with a table-lamp and a towel and white sheet, a quick peek and a quick peek and some confusion as to exactly which of the 30 barrels in the garden the keys fitted. I went to bed, or rather collapsed, snoring.

It was a fitful night's sleep. I think the years of fermentation had impregnated the barrel walls with some sort of beery djinni who was not going to let me get away with it. Strange thing, though, next morning I was fine. Czech beer hardly gives you a hangover at all - they say it is the lack of chemicals. *Na zdravici!*

Information: Air Fares: Czechoslovak Airlines (01-255-1898) and British Airways (081-897-4000) offer AFEX flights from London Heathrow to Prague for £194 (Oct 1 - Dec 15). The full economy fare (club class) is £262.

Vissas: Most European countries, including Britain, do not require visas, provided you hold a full passport valid for six months or more. Czechoslovak Embassy (01-222-1255).

Accommodation: Cedok, 17/18 Old Bond St, London W1, can arrange a hotel and rental accommodation and car hire throughout Czechoslovakia (01-629-6058). Reading: *Czechoslovak Guide to Prague* by Sadakat Kadri (£8.95).

Doing Japan by the book

THEY SAID IT could not be done. But we lived to tell the tale: five days in the Japanese outback with nothing but a Berlitz phrase book to guide us.

Forgive the pioneering language, but my wife and I felt a bit like adventurers as we boarded the train for Kanazawa, a town on Japan's west coast, on the first leg of our little tour. We didn't speak a word of Japanese apart from "arigato" (thank you) and "gambatteimasu", which we were told meant something like "Forgive me for being so stupid." And we were going to stay in Japanese inns all the way.

We had taken the precaution of planning the trip in detail in advance. An amazing lady at the Japan Travel Bureau in Osaka had plotted every inch of our route. She telephoned the *ryokans* (inns) where we were staying, booked the trains and buses, gave us slips of paper with Japanese messages for taxi drivers - and ensured that we understood the mysteries of communal bathing.

But we quickly discovered that travel on Japanese trains is easy so long as you have a mind for brain-teasers, to help you read the destination signs. We learnt that a three-pronged fork meant *yama*. We also worked out that what looked like a telephone sitting on a

parcel meant *Ino!* Bingo! telephone-on-a-parcel/fork was Toyama, where we had to change trains. From there, it was a small step to work out that *TV-on-a-table/fork* meant Takayama, our next destination.

Only once did our plans fail: we missed our bus stop high in the Japanese Alps. But that was more than made up for by the kindness of our bus driver who made a special stop on the way back to drop us at the door of our *ryokan*.

Actually, Japan has come a long way in the last few years in putting up signs in western script. Many instructions are in English, and it would be a considerable achievement to get utterly lost. Few Japanese speak English, though. Many of them cannot understand why foreigners do not speak fluent Japanese, including one old lady in a Buddhist temple who gave us tea and biscuits, but stared pityingly at me as I struggled with my phrase book. We ended up showing her pictures of our children and dog for lack of any other conversation.

Much harder is getting accustomed to Japanese inns. There are two types: the *minshuku*, which is a kind of bed and breakfast and quite cheap (about £20 a head including dinner and breakfast), and the *ryokan*, a traditional Japanese

inn with all the trimmings - and expensive (about £75 per head per night). Both are likely to be carpeted with *tatami* mats (no shoes indoors), and you sleep on the floor on futons. In very traditional ones, the pillows are stuffed with buckwheat.

The *minshuku* was much the more fun. Mrs Ikegami's in Kanazawa was an unusually large old house with dark corridors and polished floors. Her

David Lascelles dares to take a self-arranged tour

only English was "dining room" which was very useful because it indicated both the place and when meals were ready. Her husband grew azaleas: there were pots of them on every flat surface inside and out, being trained into distorted shapes with twisted wire. For some reason there was a pile of old magazines and a brand new set of cutlery by the dining room door.

Mrs Ikegami was discreetly attentive. She took us on a guided tour of the facilities, clucked gently when we forgot to take our shoes off, served us green tea and then melted away. There was much smiling

and bowing when we took our leave.

In the *ryokans* there was a more conscious attempt to recreate traditional Japan, which was interesting but rather forced. In Takayama where the *ryokan* was in a dull modern building, there was piped bird-chirping in the corridors and the maid served dinner in our room in full kimono-ed splendour.

The food was always magnificent. Dinner was usually a dozen courses. We managed fine with the more accustomed Japanese food: tempura, noodles, soup, pickles and even sushi. But there were some things we found hard going, particularly a mixture of raw egg and semolina with lumps of raw fish floating in it, and a sprinkling of seaweed.

The difficult part was breakfast. I was able to digest almost anything at dinner time, but not again at 7.30 the next morning. I confess that in Kanazawa we dropped in to the nearest US-style snack bar for donuts and coffee. But our last *ryokan* delighted us by serving bacon and eggs, toast and marmalade. They knew the limits of tolerance.

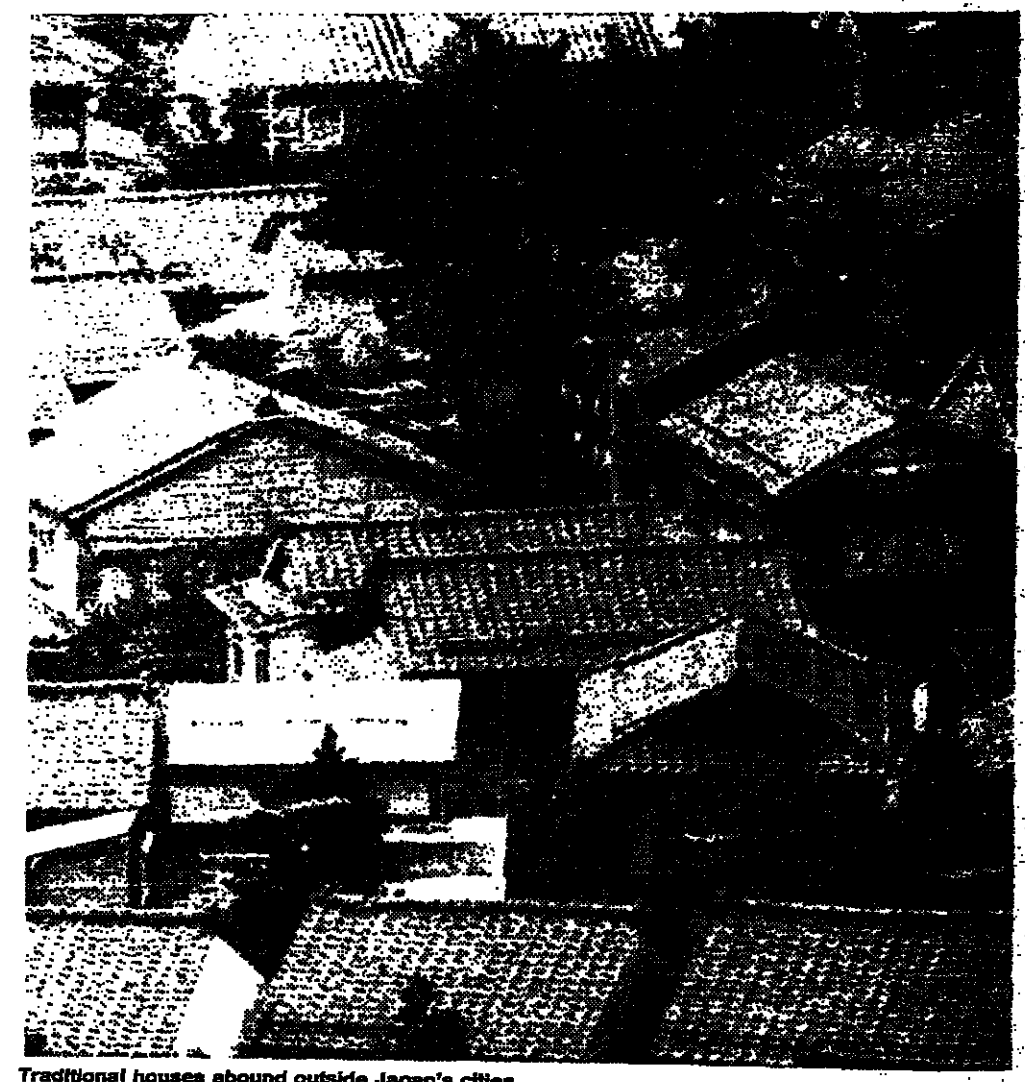
The daily high point was unquestionably the communal bath. This is a highly ritualised affair requiring one to shed one's silly western inhibitions. The sexes are separated (usu-

ally), but you take the company as it comes. The important thing to know is that you wash and rinse before you get into the bath. This is done at taps and showers round the side. A long soak in almost unbearably hot water is a wonderful prelude to a relaxed evening padding around in slippers wearing a cotton robe.

In our mountain *ryokan* they had an outside rock pool fed by hot springs. The azaleas overhanging it dripped their petals into the steaming water. The fact that it was beside a busy road from which people in passing coaches could see us mattered little.

Returning to a Tokyo skyscraper hotel after all this was to hit the real world with a bump. For five days we had lived with the smell of soy and the chirpy sound of Japanese in conversation. One thing we realised was that we had felt totally safe throughout: the water, the streets, the traffic, the shopkeepers apart, that is, from some perfectly enormous spiders which visited our room in Shinjuku-daka Spa.

Information: Air Fares: Japan Airlines (071-408-1000) has daily flights from London Heathrow to Tokyo. The lowest PEX fare is £1,029 return and the full economy is £2,628.



Traditional houses abound outside Japan's cities

Mixed-up Mounties down Rotten Row

David Pilling and friends sample the nightlife in a black township outside Harare

I HAD not expected to see Canadian Mounties in the heart of Africa. It was certainly incongruous to see them in Mbare, not quite a slum but a rough-and-tumble black township straddled on the outskirts of Harare's high-rise central district.

The Mounties in question, all smart, spic-and-span young men, were visible thanks to the eccentric contraption of a tramp-like Zimbabwean who had invited me to peer through his child's slide viewer.

The *Visionmaster* had been mounted on a metal rod, itself attached to a rickshaw built from a jumble of metal tubing, odd-sized wheels and plastic sheeting. My guide to Canada lounged inside the rickshaw, like a baby in a pram, while I sat facing him, my eyes pressed to the plastic lenses, on a low metal stool that he had somehow incorporated into his mobile cinema.

The old man, chuckling through his broken teeth, slowly turned the disk of seven slides with the utmost ceremony, revealing shots of red-jacketed Mounties in various ridiculous poses. He charged about 5p for his services, but it was hard to believe he could make a living this way, even

among the poor of Mbare who might be unable to afford the greater sophistications of the big screen.

Mbare used to be Harare Township. Before independence its inhabitants were not welcome downtown after dark without a valid reason. Today there are no such restrictions, though in practice central Harare is pretty dead at night, blacks and whites alike having grown accustomed to socialising in their own suburbs.

Mbare, known as a "high-density suburb", is connected to the central district of old-fashioned department stores, besuited gents and liveried waiters wielding silver trays by a street called Rotten Row.

Down Rotten Row everything becomes more frenzied. The streets are more bustling, the queues longer, the jokes funnier, the music louder, the smells more pungent, the pavements - when there are any - dirtier, the shops shabbier,

and the beer cheaper.

The beer is not only less expensive, it changes beyond all recognition. Gone are the dainty bottles of the central district. In Mbare you buy your beer in a white plastic bucket and it looks like dirty water squeezed from a window cleaner's rag. This is *chibuku*, a soupy concoction brewed from maize which is cheap enough to be imbibed in enormous quantities in the capital's beer halls.

All-day opening is a well-established tradition in Zimbabwe judging from the stadium-sized beer garden I found in Mbare one blue-skied morning.

The garden, which I entered through an arch of almost religious grandeur, was scattered with wooden trestle tables and wrought-iron seats. At many of the tables young black men sat in groups, most in animated conversation, some in stupified solitude. Of the hundreds of men and the handful of women

present, everyone, without exception, was drinking pails of *chibuku*.

There was quite an assortment of fellow drinkers: day-labourers who had not managed to find work that morning; respectable old gentlemen come to chat with friends; spivs in white trilbys and

In Mbare you buy your beer in a white plastic bucket and it looks like dirty water squeezed from a window cleaner's rag

pressed suits with inch-thick bundles of US dollars; mad men who danced around on their own or lay on the floor, and young couples snatching time alone away from the prying eyes of parents.

I had come with Louis, a young South African from Soweto who was studying at Harare university. We went

into the covered bar area and ordered some bottles of Zambezi beer - I could not face a bucket - and listened to the music being pumped out of a flashing juke box. The wooden floorboards were in a perpetual state of vibration.

Zimbabwean music has gained an international reputa-

The big stars spend a lot of their time abroad now, but sometimes return for end-of-month festivals when Zimbabweans, at least those in work, celebrate pay-day with all-night binges called *pungwes*. The name derives from the rallies organised by guerrillas during the civil war.

Just outside the beer hall I met a young man whose first name was Clever. He was with a friend called Robert who had not been hampered with a name of such promise and, as is so often the way, had evidently benefited from the lack of pressure. Robert was a clever young man, while Clever, it has to be said, had not lived up to his parents' expectations.

What they both shared was a surprise that a western tourist should have come to Mbare. "There are much nicer places than this. Why would you come here?" asked Robert. "Yeah, yeah, yeah," said Clever.

It is true that Zimbabwe boasts much finer tourist attractions than Mbare. One could visit the Victoria Falls, the walled city of Great Zimbabwe or some of Africa's most splendid game parks. So why had I come to Mbare?

The answer lies in Zimbabwe's peculiar historical legacy which has created a capital whose inhabitants live separate lives in their high or low-density suburbs. The low-density areas were the former white suburbs of large American-style houses set back from the winding roads in magnificent, spacious gardens. Residency in these districts is increasingly determined by wealth rather than colour, though some neighbourhoods have been slow to adjust.

The centre of town, exceptionally pleasant by day, is little more than a place to work and at night its wide boulevards are virtually deserted. People have so little emotional investment in their town cen-

tre that many have not bothered to learn the new street names which have been in constant flux since independence.

It is, therefore, in the former black townships such as Mbare that one comes closest to seeing Harare as it is experienced by the majority of the population. And it is in Mbare where one finds all that is sad and all that is wonderful about urban Africa, an intermingling of poverty, humour and resilience. For me, this will forever be distilled in the twinkling eyes of the inventor of the rickshaw-slideshow.

David Pilling travelled to Zimbabwe courtesy of Art of Travel (071-730-2058). British Airways (London) Tel: 081-897-4000, flies to Harare three times a week from London Heathrow. Apex fares range from £729 to £1,052 depending on season and must be booked at least 21 days in advance.

Air Zimbabwe (071-491-9000) runs a similar non-stop service from Gatwick. Zambia Airways, TAP Air Portugal, Kenya Airways, Ethiopian Airways and Ghana Airways all run regular services. For further information, contact the Zimbabwe Tourist Office (071-620-3555).

TRAVEL

The sun shines on King Solomon

Michael Thompson-Noel finds himself surrounded by noisy children in Eilat

NEVER make snap judgments in the desert. When I arrived at King Solomon's Palace hotel in Eilat, the Red Sea resort at Israel's southern tip, it was late and dark and I was tired and dusty after a mind-blowing ride from Jerusalem via the Dead Sea.

At first I thought the place was mad. Everything was bright and noisy - astonishingly noisy - with so many groups of children running about that I assumed, in my tiredness, that the King Solomon's Palace was a hotel for children.

"Do they have their own room rates and arrive unaccompanied?" I asked one of the hotel's panjandirams.

"Of course not," she replied. "The hotel is 100 per cent full at present. It is very, very successful. Jewish people often break their holidays into long weekends, and they like to be surrounded by their families. This is a family hotel. It may be noisy at times, but it is the noise of happy families. What you need to do is relax. Try and unwind. Go with the flow."

She was right. The next day was beautiful and scorchingly hot. So was the second, and the third. It is often beautiful and hot in Eilat, which makes the resort an attractive winter sun destination for northern Europeans.

It is five hours' flying time from London. The season is from mid-September to end-May. During these months the climate is warm, sunny and dry with temperatures usually between 16°C-25°C. (It was a lot hotter than that early last May, when I was there).

In 1990 British tourists accounted for a fifth of the total for Eilat, approximately 21,000, about 10 per cent, in turn, of total UK visitors to Israel last year. Israeli tourism was knocked sideways by the Gulf war but the country is hoping for 250,000 holiday Britons once growth returns to normal.

In 1917, Eilat was just a few ramshackle huts, though it had been a flourishing ship-building centre and port in the time of Solomon, giving the Israelites access to trade with Arabia. Now it is a fun spot on the north shore of the Red Sea, squeezed between Jordan to the east and Egypt's Sinai desert to the south-west.

To the north is the Negev desert: not rolling sandscapes but harsh rockscapes which I did not greatly enjoy when bounced around them one morning on a four-hour "desert



Desert safaris or other entertainments are easy in the Negev

safari." You can cross into Egypt easily enough but cannot, I was told, visit Agaba, just across the Jordanian border, except via Egypt: an extremely tedious process.

There are two main beaches in Eilat, and every sort of watersport. Underwater visibility is so good that Eilat is rated one of the world's most popular diving spots. There is an underwater observatory and a tourist submarine.

One thing to be on guard against is dehydration. In their useful handbook, *Essentially Israel* (publisher: Christopher Helm, London, £5.95), Carole and Chris Stewart

warn that in Eilat and in the Negev and Sinai deserts the dry heat can dehydrate you rapidly without your noticing it.

"Even if you don't feel thirsty, you must drink copious quantities of water or other soft drinks," they say. "The hospital in Eilat has to cope with hundreds of tourists each year who ignore the warnings."

After only a few hours I became extremely fond of the King Solomon's Palace, one of several hotels in Eilat operated by Isrotel, part of the UK's Lewis Trust Group. The food is first-rate, and the hotel is not crashingly noisy all the time.

(If you want peace, ask for a room well away from the pool, or a quieter hotel).

After a day or so I even got used to the hands of black-eyed, black-haired children rushing happily from one Snoopy disco competition to the next, or ordering platefuls of blue and green ice-cream, or throwing tantrums - rolling on the floor or heaving their siblings into the swimming pool. I became part of the scenery. I went with the flow.

Michael Thompson-Noel was a guest of Isrotel and flew with El Al. Apart from the King Solomon's Palace, Isrotel operates the Lagoon, the

Sport and the Riviera apartment-hotel, with the Royal Beach hotel (five-star, 380 rooms, directly on the beach, which the King Solomon's is not) opening next year. Hotels in Eilat are bookable via any ABTA travel agent. In London, Isrotel is at West World, West Gate, W5 1XP, tel: 081-997-6423.

Various UK operators run packages to Eilat, among them Thomson, Sunworld, Speedwing, Superstar, Longwood, Pullman, Pelicans, Pan Atlas and Traveltink. Speedwing has a special brochure for Red Sea winter holidays: eg, from now until May 31 1992, seven nights b&b at King

Solomon's Palace cost from £369 per adult (£259 per child), including flights, etc, and 14 nights cost from £569 (children £299). The Christmas week (£759 and £529 for adult and child respectively), is by far the most expensive.

El Al has a number of London-Tel Aviv flights weekly from Heathrow and Manchester, about £300 return, and three direct flights to Eilat weekly from Heathrow, plus one from Manchester, around £359 return. London: tel: 071-497-2255.

The Israeli government tourist office is at 18 Great Marlborough St, London W1, tel: 071-494-3651.

Magic carpet

Continued from front page but uninformed, is most likely to be bamboozled.

All is explained to me by Ali Osman, a man of principle. We sit for hours, shoeless on the carpet-strewn floor of the shop. He talks, I listen. Is he trying to induce a sale? Nothing in his manner suggests he is. Carpet traders, he wants me to understand, are not all men with bags of tricks, and business can still be what it much more often was in the past, a question of honour.

But, he says, it is just as well to know that the bag of tricks does exist. Some questions of slicker carpet salesmanship:

■ How do you get customers off the street and into your shop, away from the grasp of rivals? Answer: you put them under the obligation of friendship. Make gestures of oriental hospitality it would be rude to refuse. Always have a sister working in their country. Offer tea.

■ How do you win your customers' confidence? You explain in detail the materials and processes of wool-dyeing, weaving and knotting. Make them feel they are dealing with a man who is willing to share his technical knowledge. Unroll and throw down with disdain a few cheap carpets and say they are not worth the sweat of an honest weaver's brow. Then get out the pieces you want to sell.

■ How do you maximise the value of a piece? Talk it up. The more you elaborate on a carpet's origins, design, colour, condition, age, aesthetic quality and the work required to produce it, the greater a pedigree you have provided for it. Let the buyer know its value.

And so it went, question and answer, all afternoon. As he explains, Ali Osman illustrates by unfurling carpet after carpet, magnificent, intricate pieces of rich reds and blues that make my greedy, acquisitive heart clump. But Ali Osman, his heavy moustache almost covering a smile, is not interested in selling me carpets. He offers only truth and guidance. He looks heavenward and shrugs; a carpet sale, as far as he is concerned, is a matter of *kismet*, destiny.

How, I ask you, could anyone not buy a carpet from a man of honour like this? Here, in the most devious business in the world, was a man who talked straight. Without further ado, without haggle, I met his asking price on a piece I particularly coveted. It sits on my floor today, proof, in the end, that Ali Osman is a very good carpet salesman indeed.

■ Nicholas Woodworth's trip to Turkey was organised by the travel specialists Turkish Delight.

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TRAVEL

Never mind the jellyfish, see the view

Paul Ham sails in the wake of Captain Cook when he visits the Whitsunday islands off eastern Australian

WE WERE on our honeymoon and Davo was explaining to my wife, Emma, how to pull up the sails of our newly chartered Farr B30, a 30-foot yacht which was to carry us around the Whitsunday Islands for the next seven days.

"Ya just yank on this sheet..." "Sheet?" Emma asked. "Rope," I whispered.

"An' up she goes... ya see, an' ya laughin'." Davo was a short, beaming Australian in a yellow singlet, stubbles and sun-visor. He adored tourists, especially ones on honeymoon.

We were shown our cabin and Davo demonstrated the power of suction vested in the flushing mechanism of the hand-pumped toilet.

"Ya see? Ya laughin'..." Now 'ere, 'ere's the bed! A triangular space in the stern was revealed behind a little blue curtain. Davo's eyes rolled about like Groucho Marx's - the after-effect of flushing the toilet or an exaggeration of the coy expression with which the travel trade seems to welcome honeymooners.

We motored a little way offshore and set sail; Davo was waving madly from the wharf, the sound of laughing hanging in the hot Queensland air.

Twelve thousand years ago they were mountain tops, today the islands of the Whitsunday Passage wallow in the sea like giant hippopotamuses. Such is the wonder, the lazy beauty of these drowned mountains, it is easy to imagine they were set aside during the creation of the earth as a glimpse, for those lucky enough to visit them, of Paradise.

Captain James Cook recorded sighting them on Whit Sunday, 1770, a cluster of eucalyptus and pine covered islands set amid coral and blue water. The first secret to surviving the Whitsunday Passage is to have on hand a copy of 100 Magic Miles, a brilliant guide to the islands by David and Carolyn Collett.

Yachtsmen with the scarcest experience will feel at home among the reefs and narrow passages between the islands accompanied by copy of the Colletts' guide to the coastline. Every bay and inlet, rock and coral reef is displayed on a series of simple charts accompanied by advice about the best anchorages, the choppiest passages and the tidal patterns... as well as useful information on how to survive a cyclone (lash the yacht to mangroves at high tide, batten down and hope), what fish to avoid, how to treat jellyfish stings, blue-ringed octopus bites, and discourage tooth fish attacks.

The most difficult sections for yachtsmen are the narrow Solway and Fitzlar Passages, separating the main Hook Island from Hamilton Island to the south, especially so when the wind is blowing in the opposite direction to the tide. The opposing forces of wind and tide whip up frenzied white horses and violent little whirlpools - a sudden 180-degree spin round a Solway whirlpool will drain blood from the face of the most self-assured yachtsman.

It was on our second day, at 8am, that we experienced the radio (each crew on charter is obliged to radio the chartering company - in this



case, Australian Bareboat Charters - detailing their plans for the day). Farr Dinkum and Farr Out were heading up to Butterfly Bay, we learned; Farr Lapp and Farr were heading south to Hamilton Island (the main reason in the archipelago); Farr Thing hadn't a clue where it was going... "ABC, ABC, this is Farr Thing... no decision as yet... over."

I lazily opted for Gullnare Inlet. This was a wonderfully calm finger of water extending through Hook Island, its shores covered with eucalyptus and pine trees inhabited by huge white cockatoos.

Turtles, several of them, swam about the coral reef as we entered; porpoises escorted us through the mouth. In all the commotion I overlooked the perilous reef which extends two-thirds of the way across the mouth of Gullnare.

Soon on all sides appeared large black shadows - or "bommies" - enormous outcrops of coral which rise up like sea monsters on unsuspecting yachtsmen. The depth sounder changed in an instant from a safe 5-6 metres to a frightening 1-3 metres - you'll know when your keel grinds against the polyps, or so

I've heard. Ours was spared that fate.

On day three we wallowed, becalmed, off Hayman Island, we restarted the motor, and soon rounded Alcyonaria Point and headed down the east side of Hook Island (now under sail) towards Whitehaven Beach, an incredible expanse of pure white sand extending a mile along the coast, untouched and uninhabited. We wallowed becalmed off Whitehaven Beach for two days.

Midway through the week I spotted bilge water bubbling up through the floorboards. "ABC, ABC, this is Farr Thing, Over."

"Yeah Farr Thing, gotta there, what's up, Over?" It was Davo. "ABC, it seems we have water on the floor, Over."

"Yeah, Farr Thing, no worries, these boats are designed to have a bit of water in them, good ballast. Ya laughin', Over."

"ABC, do they normally have three inches sloshing around the floor? Over."

"Er well, not normally. I s'pose. Taste it, Over." "Taste it? Over."

"Salt or fresh water, Farr Thing? Over." "Fresh. Over." "Yer not

sinkin' Farr Thing! Over'n'Out."

We started bailing. Emma used the sponge, I managed with an old yellow bucket. The yachts in general are well equipped, and reliable. Ours, it appeared, had leaking fresh water tanks. The level was rising.

"ABC, ABC, Over?" "Yeah Farr Thing, reading ya? Over."

"I've unscrewed the fresh water tanks, there appears to be an unattached hose flailing about. Over."

"Yeah, reading ya on that one Farr Thing, ignore it. Come back to base if ya like, but I reckon the water'll stop rising once the level reaches the rim of the hole. Over."

"OK, we'll keep bailing for a while. It's a bit bloody irritating though. Incidentally, can we arrange a flight to the reef?"

"Farr Thing, this is seaplane X flying above you. Emma looked up - a tiny seaplane, sure enough, was circling about. "It'll cost \$300, we can pick you up tomorrow. Over."

"This is Farr Thing, that'll be fine." I nodded at Emma. "Over and Out."

The seaplane, a four-seater, could not fly. This was because we were too heavy; a trainee pilot, not normally present, was obliged to jump

overboard. The flight, 25 minutes of astonishing beauty from a rather frightening perspective, ends off the coast on the Great Barrier Reef. The world's largest living organism, made by polyps, stretches 2000 kilometres down the coast of Queensland, from Cape York to Fraser Island.

The pilot issued special coral shoes to avoid cutting ourselves on the coral. On the reef, you walk knee-deep over a living shelf of polyp exoskeletons surrounded by a dense array of marine life... here a giant green-lipped clam, there a purple triton shell, here a school of dogfish, terrorising your ankles in a comical parody of the piranha.

Fronds of algae wave in the swell as a manta ray slopes off like an eagle flying in slow motion, while all around the Pacific Ocean slops disconsolately, streaked here and there with creamy masses of spawning polyps - the ensuing orgy after a full moon in early summer.

Every step revealed a community of creatures, and fishes, thousands of them, darting in perfect unison between your legs and around your waist. It is to be caressed in the very palm of nature.

As David Collett writes, the reef fishes have adopted some extraordinary habits. "The clown fish, or anemone fish, for example, lives with impunity among the poisonous tentacles of the anemone. Another, the little cleaner fish, swims boldly inside the mouths of larger fishes which permit him to do so because he rids them of parasites."

"As always, life throws up opportunities, and there is also a false mischief he gets up to. (As the clown fish says, with friends like that, who needs anemones?)"

The Whitsunday Passage is inhabited by some frightening creatures, many of which go about their lives seemingly innocent of the lethal capability with which nature has endowed them. The little blue-ringed octopus, for example, the only octopus with a potentially lethal bite, seems reluctant to deliver it, only by picking it up and draping it over your shoulder is it likely to administer a dose of poison.

The infamous box jellyfish, the most poisonous jellyfish known to man, is seldom found beyond the waters of the mainland, and very rarely among the islands themselves. So named for its box-shaped head, the jellyfish drags a long train of deadly tentacles behind it. Stings by box jellyfish are extremely severe, some can cause death.

Look before you leap is the local advice, and, if swimming on the coast between March and April, wear a "stinger suit".

Be on the watch particularly for the sex organs, roe and skin of the puffer fish, which contain large concentrations of tetrodotoxin (TTX). Traces of TTX can produce a tingling sensation around the mouth and lips, but a large dose results in numbness of the tongue, followed by slurred speech and muscle paralysis.

Death results in 60 per cent of cases but has not discouraged the Japanese from playing a game of culinary Russian roulette with the puffer fish. Fugu, as the preparation of puffer flesh is called in Japan, is sliced very finely and served in bright floral patterns. The same danger adds to the experience, say the Japanese.

At the risk of terrifying the prospective bareboat sailor, cases of severe bites or stings from dangerous creatures in northern Queensland are extremely rare - the drive up the coast from Brisbane is, in percentage terms, far more dangerous. The whole area is served by sea plane, and well-prepared for bites and stings.

But the Whitsunday Passage overcompensates for the remote threat of being stung by jellyfish. Its languid, unspoiled beauty seems to embody the very notion of "peace of mind". Only see it by yacht - we did not sink.

Information: To organise a bareboat charter holiday from the UK, contact: Marinair Yacht Charter Services, 188 Northdown Road, Cliftonville, Kent CT9 2QN England. Tel: 0843-227140; Fax: 0843-228784; Australian Bareboat Charters, Shute Harbour, Queensland.

100 Magic Miles is available from Windward Publications, RMB 206 Woodhill Mountain Road, Woodhill Mountain, Berry, NSW 2535.

Cheery sailors sought

BLAME THE television coverage of the Whitbread round the world yacht race if you wish. Those vivid pictures of 80-foot yachts surfing downwind in the southern ocean were siren images to anyone trapped in a workaday routine. Yet it would have been a brave travel pundit who predicted a niche industry springing up to offer round-the-world yachting/racing holidays.

How many people would spend close to £20,000 to be covered in salt water for a year's work shattering hard and live in conditions approximating to those of a well-appointed Tube train? Answer: dozens. That is what Tony Allen found when he began to market such a circumnavigation aboard the maxi-yacht *Creightons Naturally*.

"It sounds like a lot of money, but people seem to view it as a sort of retirement present taken while they are still young and fit," says Allen, 35, a former solicitor. He gave up the law four years ago.

With colleague John Chittenden, a master mariner, they mortgaged their homes to buy *Creightons* - a maxi-yacht now in the "classic-car" bracket. With an amateur crew, Allen and Chittenden raced in the 1989-90 Whitbread, winning the cruising class.

Chittenden is now back on the bridge of a tanker. However, every year he will skipper one of 10 identical 67-ft yachts in the British Steel Challenge, a pay-as-you-play adventure holiday dreamt up by the incorrigible Chay Rhyll. Each boat will be manned by 12 crew volunteers who will each have paid £14,350 for their voyage - an eight-month race around the world calling at Rio de Janeiro, Hobart and Mauritius.

As soon as Rhyll announced the project he was inundated with inquiries, many accompanied by blank deposit cheques.

"They're not sailing fanatics. They just want a genuine adventure, organised, safely and competently," said Rhyll, who sailed the same route alone aboard the first *British Steel* 19 years ago.

Creightons is not racing, of course. She will punctuate the weeks at sea with visits to the places cellular phones never reached: the Cape Verde islands, Tristan da Cunha, the Kerguelans, Tierra del Fuego, and other landfalls not normally found in the charter brochures.

In some respects it will be an inner voyage for the crew. Allen quotes from the writings of mountaineer-sailor H W Tilman when choosing companions for a trip to the southern ocean: "All must be of cheerful equable temper, long-suffering, patient in adversity, tolerant of the whims and uncouth manners and habits of others, neat and cleanly, adaptable, unselfish, loyal - in fact, possessed of most of the qualities in which the majority of men, including myself, are notably deficient."

With the knowledge and insight gained from three years running the Whitbread project, Allen believes that day-to-day enjoyment is as vital as any sense of "achievement". "Usually, on a noticeable when one is back in an armchair, the sea is the primary aim is that all those who participate should enjoy the venture as it progresses, not simply in hindsight," he says.

Creightons left the Pool of London seven weeks ago for a voyage to Cape Town that included stopovers at such ornithological treasures as the Svalbard Islands, uninhabited, between Madeira and Tenerife, and packed with bird life.

Once round La Coruna, the north-west tip of Spain, the yacht hoped to enjoy relaxed downwind sailing all the way to South Africa. Then Australia and South America beckoned. At £15,500 for 24 weeks (leg one) it is an armchair sailor's bargain. *Creightons* has one or two berths left for each of her five legs, but they have been going like ships' biscuits in a famine. (The food aboard *Creightons* is superb; "befitting" one of the world's best racing yachts that can seat the entire crew around a mahogany table for dinner.)

Chay Rhyll's 120 paying customers are all in place, although with nearly a year until the Off, there are bound to be drop-outs, and the British Steel Challenge is still accepting people for its waiting list.

"The only thing I regret about the way we've set this up is that there are only 14 boats," groaned Rhyll. "The public response has been unbelievable. We already have a team working on a new race for 1993-1994."

Contacts: British Steel Challenge, Humans House, 12 London Road, Petersfield, Hampshire, GU31 4BE, tel: 0730-60005, fax: 0730-60090, *Creightons Naturally*, 15 Alfriston Road, London SW11 6NS, tel: 071-350-6850, fax: 071-324-5291.

Keith Wheatley

A jewel of a yacht cruise

ANYONE aspiring to find a new contribution to the lexicon of great maritime achievements should stop reading this article at once. A circumnavigation of Minorca must be described as no big deal. The distance is under 100 sea miles. Moreover, the navigation can be accomplished by simply counting the lighthouses and making sure they remain on your port side (if you are going anti-clockwise round the island, as we were).

But as a yacht cruise it will remain in my mind as a little jewel. There are so many enchanting towns and villages, so many tiny anchorages, and so many tiny bays where a yacht can anchor and the gull-lark crew swim safely in some of the cleanest and clearest water in the Mediterranean.

The adventure started in Majorca. From Majorca's east coast the low-lying, smaller, Minorca to the east is not visible which is, of course, tantalising. The four of us on board a Swedish-built cruising yacht called *Salangor*, 38-feet overall, fell victims to that stern that tempts sailors: an urge to explore beyond the horizon.

As the yacht bounced across a bolsterous sea, steering due east and making seven knots with a good wind blowing down from the Gulf of Lyons I was thinking how islanders' attitudes have been affected by their eternal occupation of looking out to sea.

Majorcans know the smaller island is out there. But they never see it: "Out of sight, out of mind. Nothing to do with us."

Minorcans, on the other hand, can usually see the high, brooding mountain peaks of Majorca. They are not allowed to forget the presence of their bigger neighbour. Perhaps this helps explain why the islands have different styles of doing things, and even took opposite sides in the Civil War.

The greatest satisfaction

yacht cruising has to offer is to arrive safely and in good order in a strange port.

Any navigator who seeks this "single factor" must endeavour to enter Port Mahon once in a lifetime.

A fault between ancient rocks forming the north side of the island and the younger rocks on the south side of the island forms a deep notch in the coastline and creates the best natural harbour in the western Mediterranean.

This explains why the Turks, the British, the French, the Spanish, and the Dutch, spent several hundred busy years blasting each others' ships with cannon, and landing armies on the speck of an island - only 27 miles by 9 miles - to wrest temporary possession.

The British ruled the island for three periods between 1706 and 1802. On the evening we arrived a British frigate equipped with guided missiles lay alongside the main quay. But the strategy of naval warfare has changed since Lord

Intrepid sea salt
Roy Hodson
circumnavigates
Minorca

Nelson sailed these waters. This was nothing more alarming than a courtesy visit. Nevertheless, it was alarming. With bands playing, British sailors ranting and roaring, women squealing, it sounded like another invasion. So we pointed *Salangor* back down the harbour to find a quiet anchorage for the night.

Behind an island covered with massive fortifications we found peace in three fathoms. Across the water was Es Castell, the most easterly of all Spanish towns. Now a holiday resort, it was built by British engineers and called George-



town in honour of King George III.

The British left many legacies in Minorca. I will mention just three. First and foremost is gin. While abuse of this spirit caused it to be banned for a while in England by the Gin Act of 1753, the medicinal virtues of the juniper berry continued to be much appreciated by the soldiers and sailors on Minorca.

The gin distillery still flourishes and it is the most popular local tipple. Perhaps in an attempt to balance the profane with the sacred a gigantic church organ with four keyboards was shipped out by the British Navy and installed in the church of Santa Maria, Port Mahon.

The safe transportation of the great organ seems to have preoccupied the admirals concerned as a test of seamanship as it was carried in a warship under sail through the Bay of Biscay and across the western Mediterranean.

To my mind the best thing the British ever did for the island was to move the capital from the old city of Ciudadela to the busy Port Mahon at the other end of the island, thus

rescuing Ciudadela from the corrupting influences of commerce, administration, and military might.

To discover Ciudadela is to raise your rating of Minorca by several notches at once. It is a town built in stone that glows like old gold in some lights. Its small palaces clustered round the cathedral are a legacy of days when Minorca was the stepping stone on the route between Spain and the East.

The fine cathedral was built on the site of a former mosque, a reminder that Minorca was under Arab rule for nearly 400 years. As a harbour for yachts Ciudadela has serious deficiencies however.

The port is a narrow inlet, a cleft in the rocks, with the boats crammed along the sides like so many sardines. In certain weather conditions the sea sloshes in and out like agitated bathwater.

Neptune enjoyed a particularly playful bath night some years ago and the water surged out of the harbour completely leaving the boats high and dry. As it surged back in most of them were wrecked. Cautious yachtsmen please note that this is a very rare occurrence.

Buoyant in recession

IN THE not-so-distant past the phrase "chartering a yacht" sat on a par with "quails' eggs and champagne". It was distinctly not a part of everyday, salary-earning life.

Flotilla sailing was the biggest single factor in changing attitudes. Not everyone wanted to sail around en masse but it opened up the concept of renting a boat somewhere sunny.

Probably the next biggest push to charter holidays has been the past two years of recession. Those with salt in their veins are determined to get afloat for a least a few weeks a year but may not feel anywhere near optimistic enough to commit themselves to buying a boat and paying anything up to £4,000 a year for a south coast marina berth.

The International Charter Centre at Hamble Point Marina acts as agent for a number of international bareboat (without skipper or crew) fleets.

"Generally 1991 has been a difficult year in the marine industry but the Mediterranean charter business has remained remarkably buoyant," commented ICC proprietor Jane Stowbridge.

"Our turnover is up by 25 per cent on 1990. I think that high marina changes in the UK and a general reluctance by yachtsmen to commit themselves to buying a boat in the present climate have all contributed to the growth."

Regular clients were cutting back to one week rather than two or taking a smaller boat, observed Stowbridge. "But if you love sailing and don't own your own boat, chartering is the only option," she said.

"Most of our customers couldn't bear to spend their holidays on a coach tour or a beach."

Simply to be on the water and sailing is hardly enough any longer. As with skiing, the market has become considerably more demanding and specialised in the last few years. Some companies will handle only one type of yacht, while another will focus entirely on taking clients far away.

One of the most interesting examples of the former approach is run by the Finnish company Nautor.

Its Swan range of yachts has long been the marque that cruising sailors aspire to owning. Now they have the option of settling for just two weeks or ownership.

Swan Charters, based in St Martin, one of the French Leeward Islands, east of Puerto Rico, is a wholly-owned subsidiary of the Finnish parent.

Whereas the factory is close to the Arctic Circle, St Martin is famed by the north-east trades and Nevis with a short stop at Saba, then Anguilla before the return passage.

All the yachts based in Anse Marcel harbour have crossed oceans to be there but show no signs of wear and tear. "We have the best products and the best equipment," says Jeff Garcia, who has been running the base for two years.

"Swans have an amazing ability to shoulder aside the roughest conditions, a legacy of their Baltic breeding, and the Caribbean is no mild pond," he added.

Their ability to eat up sea miles could take in a typical week's itinerary of St Martin to St Barts, perhaps to St Kitts and Nevis with a short stop at Saba, then Anguilla before the return passage.

If it all sounds too hedonistic for a family that wants to put in some time before the mast, how should one assess the holiday "street-cred" of a bareboat charter out of Tallinn, capital of Estonia?

The archipelago around the ancient Hanselstadt city is said to match, although be less crowded, than the islands surrounding Stockholm. Top Sail bought two Western yachts from Britain last year and they are based at the Tallinn Olympic Yachting Centre.

The two-week charter suggested by Top Sail executive Inna Orgeta takes a route to St Petersburg via Kotka on the Finnish coast. The distance is 350 miles and gives the chance to arrive in Europe's most spectacular city in a way that tourists could never have imagined.

Inna suggests that anyone with a yen to explore the unspoiled villages and ports along the Estonian coast hires a bicycle from Top Sail and takes it as deck cargo. "There is wonderful wildlife and some quaint folk customs carrying an air of history and traditions of the ancestors," she added.

As any visitor to the Soviet Union will testify, the possibilities of how one pays for goods, in what currency and how are virtually endless. Suffice it to say that virtualising the ship and a couple of good runs ashore could cost a very great deal less than comparable trips out of the Swedish or Finnish charter bases.

According to Top Sail, now in its third year of operation, the summer weather should suit those who find the Mediterranean or Caribbean a touch de trop. July and August averages are 16°C with an average windspeed of 12 knots. Gales are as rare as elected Communist leaders.

The cruising grounds of Yugoslavia's breathtaking Dalmatian coast fall squarely within the reach of state of Croatia. Companies such as Sunall and Sundown, with long experience operating in this area have considerable fleets of nearly new boats at risk and are just as anxious as Lord Carrington to see peace return to ports such as Split.

The value offered by a weak dinar was just beginning to make Yugoslavians sailing an increasingly popular alternative to the more fashionable neighbour Greece when civil war struck. The downturn may take years from which to recover but, in the meantime, the charter industry elsewhere is alive, well and - in some cases - enjoying the recession.

Yachtsmen are determined to stay afloat, says Keith Wheatley

TRAVEL

The adventures of the Three Caballeros

David Scott sets out to cross Poland, Hungary and Czechoslovakia on his bicycle... and conquers them all

WEST on an August day at Hudson's Place near Victoria Station, in central London. More than 100 cyclists had gathered there for the beginning of the East European Tour, a cycling holiday organised by Bike Events Ltd. We were to ride 800 miles from Cracow in Poland to Budapest in Hungary crossing, en route, the Tatra mountains that straddle the Czech-Poland border.

We removed the pedals from our bikes and turned the handlebars inwards before loading them on to two vans. They were to be driven through the night and the following day to Cracow while we flew on ahead.

Departure was slightly delayed by the late arrival of Will, who turned out to be a saxophonist and the fourth member of the Three Caballeros. The musicians were to cycle with the party during the day and to play in the evenings.

Cracow, an old university town, was once Poland's capital, home of the monarchy and a treasure house of art and architecture. Many of its medieval buildings still stand, and the city remains beautiful. My immediate impressions were: clean streets, little traffic, the smell of cheap tobacco, the sound of Gregorian chant, pretty girls in poor quality, tarty clothes and a street vendor carbonating glasses of plum cordial and water from a big gas cylinder.

After a speech from the mayor and a song from the Three Caballeros, we were guided out of Cracow by a police escort. Couriers from Bike Events, together with our luggage and camping equipment, went ahead in one of the vans to that night's stopping place, while a cycle mechanic and a nurse followed in separate vehicles.

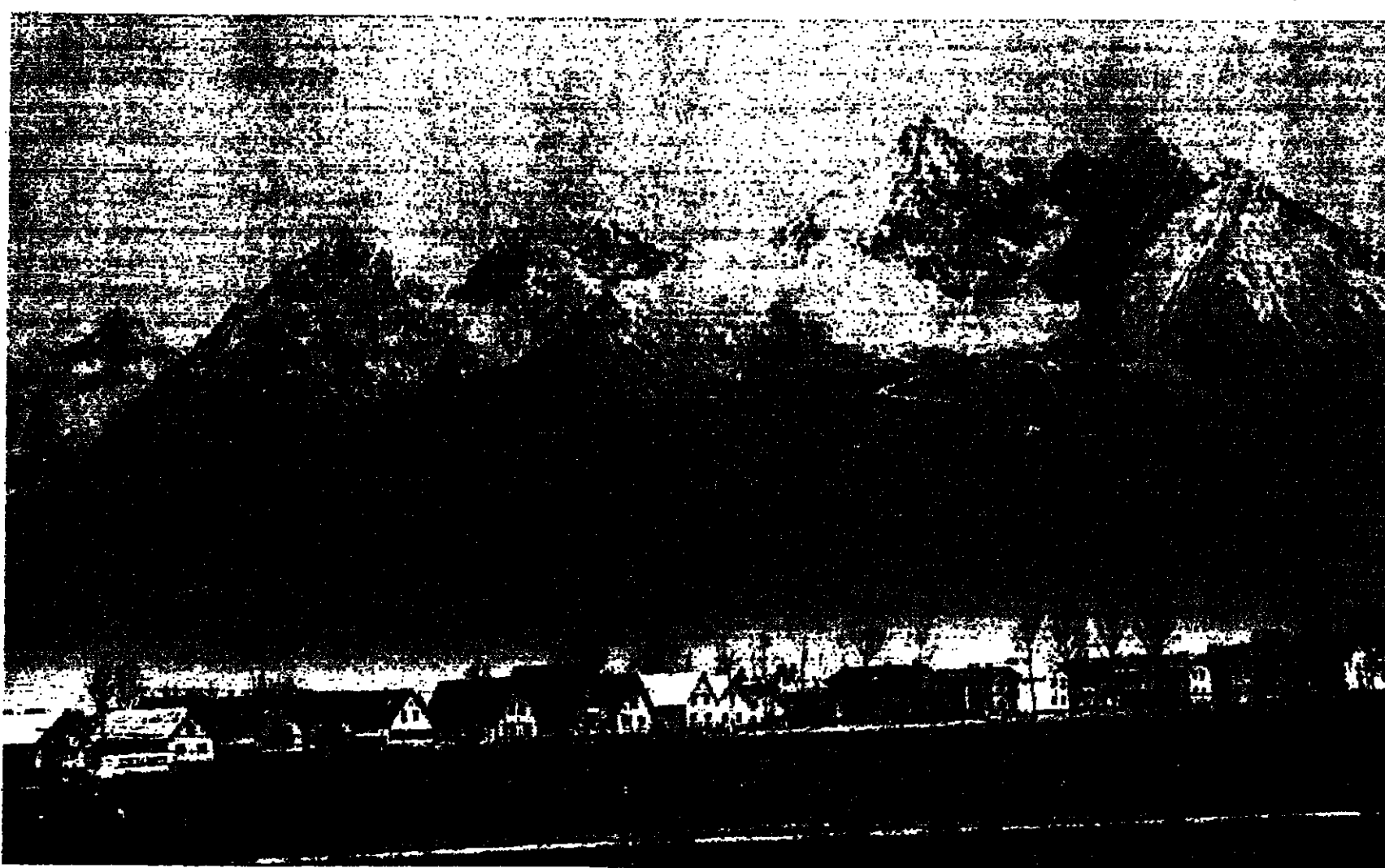
We cycled westwards along back roads, following the clearly detailed route sheets and maps we had been given, and finally through the forest of Niepolno to that night's campsite near the small town of Cechow, 50 miles from Cracow.

During the day our large party of assorted cyclists had spread out along the route and, depending as much on inclination as cycling ability, some arrived early while others turned up just in time to pitch their tents before dinner.

We ate at a local state-run restaurant. They managed us very well. The large, fresh-faced waitresses wore smart black tunics with white starched aprons. They served us a substantial meal with a style and speed that surprised me. This quality of service was repeated at each stop, even when we ate at a factory canteen in Czechoslovakia.

By the end of Day Three we had reached Zakopane, a popular alpine skiing and climbing centre in the foothills of the Tatra mountains. After dark the bars, ice-cream parlours (Polish ice-cream is very good) and traffic-free shopping streets were thronged with people, but there were few streetlights and the semi-darkness, combined with a Dickensian smell of poor-quality coal smoke, was at odds with the holiday atmosphere.

Next day, in sharp morning sunlight, we climbed 10 miles into the mountains before coasting down through woods and isolated valleys to a quiet customs post on the Czech border. Despite the opening up of eastern Europe there has been no relaxation in the draconian visa regulations, and we collected together at the border to go through as a group in the hope of reducing delays.



The high Tatras are the only truly alpine mountains in Czechoslovakia: an area of gorges, ravines and dozens of peaks of more than 8,000ft

The customs guards were humourous and thorough but Bike Event had hired the services of a local interpreter and she helped smooth our way and we crossed into Slovakia, in northern Czechoslovakia.

In Poland, all the farms we passed were smallholdings - a few acres of wheat or barley and one or two cows and a pig. Horses and carts were more common than tractors. In Czechoslovakia, the landscape changed dramatically. Co-operatively-owned grain fields undivided by hedges or fences stretched into the distance. Combine harvesters, silhouetted on the horizon as if in parody of a "Workers Unite!" poster, collected the crops.

There were other obvious differences. Village shops were better stocked, houses better maintained and the population visibly more prosperous. However, as in Poland, indifference was a common response from people we came into contact with in bars and cafes or passed on the road. There was an apparent lack of human vitality on both sides of the border. Fortunately this was more than compensated for by the energy and *esprit de corps* of fellow cyclists.

By the time of the competition I was bored and sat down in the sun to watch. Because there is no labour shortage in China, the downhill course was marked not by flags but by people, known as "course marker officials." Luckily for them, blue and red flags were preferred for the slalom.

The atmosphere at the evening campsite was by now beginning to buzz. New friendships, one or two budding romances, the camaraderie of a shared adventure, a growing self-esteem among those of us who thought we wouldn't manage the pace - plus very cheap beer - all contributed to our sense of well being. Some were feeling the strain but for those who wanted a day off there were spaces in the back-up vehicles for bikes and passengers.

SOMEWHERE in north-east China, an area as big as France and Germany combined, there is a ski lift. Word of it had seeped into folklore. Like the Tibetan yeti, there had been occasional, unconfirmed sightings. No-one knew where it was, if it worked, or even - a question which only makes sense in China - if it had any snow.

Flying into Harbin one February night it was certainly cold enough for snow: -25°C. Arriving passengers were told: "It's getting colder, too," meaning: "You've seen nothing yet."

Chinese communists have a penchant for time, time being one of the few things they can control completely. In the airport a wall of clocks showed the time around the world. Surprisingly, they all worked. No doubt in a gesture of 1950s Stalinist bonhomie, the Moscow clock had been hauled out of its time zone in a freak of nature to stand proudly to the right of Peking.

Russia has always held influence in the north-east, even after it was defeated in the 1905 Russo-Japanese war and forced to retreat northwards to Harbin. All that remains are crumbled ruins of Russian Orthodox churches and the wide Tatarist boulevards. Some 40,000 white Russians once lived here, many working on the Chinese Eastern Railway which crossed Manchuria to Vladivostok. Nearly all have died or left.

Walking around Harbin, everyone thought I was a Russian, my big nose and blond hair being better proof of identity than a British passport. Annoyed by this insensitivity, I devised a strategy of sporting every trademark of the West: a cowboy hat, I wore Ray-Ban sunglasses at all times; my Walkman was displayed prominently. I was a walking brand-name, although none of it cut any ice with the Chinese, who eyed me with even greater suspicion, probably believing I was a Russian black marketeer.

The north-east is a bitter environment for the 100 million people who live there. Long winters are punctuated by intense summers when farmers rush to bring in their crops of wheat and

It's all downhill for China's ski hopefuls

Angus Foster sees a dynasty in the making



soya bean before the next frost. There are towns of more than 100 people unheard of outside China. The original population of Manchus and hunting tribes like the Orogen and Hezha have long since been outnumbered and assimilated by the Chinese, who fled there from famine and warlords at the start of the century.

At China Travel Service, my skiing plans were quickly rubbished. Apparently, I had two choices: Taoshan, about 100 miles away by train, or Zhalong, about six. Were there any lifts? Oh no, you have to walk.

I did not really come to China to ski. I came to look at the impressive ice festival in Harbin; to follow the steps of the Manchus leaders Nurhaci and Emperor Taiji, founders of China's last dynasty, the Qing; and to sense the echoes of Japanese and Russian colonialism in the cities of Dalian and Lushun, the former Port Arthur. But finding myself there, it would have been churlish not to.

"What about Yabuli?" I asked. The eager band of travel assistants had been joined by an older man who turned out to be in charge of train tickets. A couple of local phone calls later and yes, I was told there was a ski lift at Yabuli. But the Chinese skiing championships were underway and it was unclear if I could ski without permission. I asked the train man about connections to Yabuli. "I don't know," he replied.

Yabuli is a tiny hamlet. There is nothing - no mountains, no snow, no hotels. The excitement and preoccupation built up during the four-hour train journey vanished in seconds. Just as quickly, however, a group of

former gymnasts from the southern city of Guangzhou asked me if I wanted a ride to the ski fields. I accepted, and our bus careered through the tundra, scattering mule carts and oxen. After an hour we arrived at China's answer to Gstaad and St Anton, the Yabuli International ski resort.

My friends from Guangzhou were obviously expected and were greeted with uncharacteristic Chinese flourish. Two young Chinese girls in purple uniforms and welcome sashes bowed low as they entered. But every-

thing stopped when I showed my face. The manager was sent for. He refused to speak to me. His reticence was not impolite. It turned out that Yabuli International ski resort had just acquired its first translator, a Miss Zhang, fresh from middle school. Although her English was far worse than my Chinese, all negotiations had to be conducted through her. Sensing the tenuous nature of my position, I played the dumb foreigner.

After much sighing and soul searching on the part of the manager, and much sheepish grinning by me, it was agreed I could stay two nights. But my problems were not over.

Hiring skis the next morning required every ounce of diplomacy I could muster. There were six sets of skis on offer, none looking like they had been used this century. The bindings were lethal, often with screws missing. I had brought my own boots and after selecting a pair of only reasonably unsafe skis, started to adjust them.

"Oh, no. Adjustments have to be done by the ski expert." This was the ski "assistant" talking. While he could help select skis, he could not adjust them.

I am naturally cautious about "experts" in China. My fears were confirmed when the "expert" appeared with a large hammer. He was clearly not a ski expert, but a ski salesman.

Yabuli does have a ski lift. The problem is that it takes an hour's uphill yomp to get there. A single

chair lift shudders up the mountain. From the top it is no more than a gentle five-minute ski down across heavy ice.

My appearance on the mountain caused considerable disquiet among a group of officials preparing their progress for the afternoon's competition. Perhaps they thought I was a Russian invader come to belittle the efforts of the Chinese ski team.

"Are you competing this afternoon," one asked nonchalantly. There was relieved laughter when I said I was not. They need not have worried. My cover was blown once I started retracing my three years' unpractised steps on skis.

By the time of the competition I was bored and sat down in the sun to watch. Because there is no labour shortage in China, the downhill course was marked not by flags but by people, known as "course marker officials." Luckily for them, blue and red flags were preferred for the slalom.

The skiers were good and seemed unperturbed by the extremely icy conditions. Their task was made no easier by the "course preparation officials," in charge of smoothing out the piste. They were taking every chance to thunder down the course on their skis, etching a sinister black line in the snow and providing a potentially fatal obstacle for any approaching downhiller. No-one seemed to mind.

Why is China investing resources in skiing?

Obviously there are military applications: most of the country's borders are marked by high mountains and tundra. But a more intriguing possibility was provided by the slogan flapping in the wind above the Yabuli International ski resort. "Today a winter games medal, tomorrow, striving for glory in the Olympics!"

Information: Air Fares: British Airways (tel 071-897-4000) has a weekly flight from London Heathrow to Peking. The APEX fare is £268 and the full economy £2130. The visa department of the Chinese Embassy is on 071-636-1835.

A highway to Heaven

FANATICAL skiers dream there will be endless off-piste in Heaven. One's first sighting of the French resort of Le Grave is like a glimpse of what it might look like.

I first saw this remarkable skiing area while driving over the breathtaking Col de Lautaret, en route from the Dauphine ski resort of Les Deux Alpes to Serre Chevalier. As you negotiate the narrow street through the ancient rustic dwellings, you are suddenly aware of an astonishing sight.

Towering above you are spectacular icy snowfields. What makes your spine tingle, however, is that hovering in the craggy heights is a necklace of bubble-cars, like a heavenly transportation system for the final ascent into the next world. What are they for? Surely they cannot be for skiers?

You are right - they were built for climbers intent on the spectacular "Haute Romanche" mountains and perhaps even scaling the mighty Meije (3,805 ft), so difficult that it refused to surrender even to Edward Whymper, the first man to climb the Matterhorn. When it was conquered in 1867, it was the last of the major Alpine peaks to be climbed.

Now skiers have invaded the climbers' territory. There are no piste grooming machines, no piste and no ski school, just a Syndicat des Guides. The only hint of ski lifts apart from the bubble cars is a handful of drag lifts right

at the top of the area. This is a far cry from the "outside world" of Les Deux Alpes, the sprawling ski resort on the other side of La Meije. A 20-minute walk between the two lifts detours the hot-potato from Les Deux Alpes swarming into a ski area which they would probably have difficulty coping with. Only good skiers will want to persevere.

Below is a glorious 7,053 vertical foot drop to the village - unspoiled, unmarked and largely untouched. It is an extraordinary, chillingly beautiful and desolate glacial wilderness. Huge glaciers and moraine fields stare at you as you ski. Seracs - jagged ice sculptures - give the terrain an almost alien beauty.

The slopes are gruelling, but not as steep as they appear from the road. The snow is unbreakable. Even a powerful empty place would not only be dangerous - it could just blow your mind.

Fresh Tracks, McMillan House, Cheam Common Road, Worcester Park, Surrey, KT4 8RE (081-335-3000) offers guided week-end (three days skiing) in Le Grave from £220. Prices include scheduled flights, half board and the guide, Philippe Andre, who is head of the local guides.

Arnold Wilson

WHEN Euro Disney officially opens its gates at 9.01 am on Sunday April 12 next year the theme park should, in spite of lingering uncertainties about the clash of American and French cultures, rapidly become Europe's largest single tourist attraction, with 11m visitors expected in the first year.

Already bookings from the UK are well ahead of target - and those from other countries - because of the determination of British tour operators and travel agents to sell holiday packages based around the theme park located 32 kilometres east of Paris.

Paris Travel Service, one of the officially-sanctioned Euro Disney operators, says it has already sold 12,000 holiday packages for the theme park, significantly more than it had expected by this stage given that the main promotional push will not start until the New Year.

Moreover, all of Disney's 5,200 hotel rooms on site have been sold for the first few days after the park's opening.

Although Disney may be beginning to be slightly jittery about the prospects for the park, given the impact of the recession

which has cut visitor numbers at its Florida and California parks by an estimated 20 per cent, it says that the theme park outside Paris is still on target to open on time and within budget.

Last weekend Disney unveiled the park's centrepiece - the Chateau de la Belle au Bois Dormant, or Sleeping Beauty's Castle in the parlance of Disney's American executives (who bemused their hosts at the unveiling ceremony with their stilted French).

Still under construction but expected to be on offer when the park officially opens will be 29 attractions, six themed hotels, an entertainment centre, and a championship golf course.

The park is broadly similar to Disneyland in Los Angeles or the Magic Kingdom (part of Walt Disney World) in Florida, although

with fewer attractions initially than at either park (Disneyland has more than 50 and with the drawback of climate).

The magic pixie dust that makes Disney so successful in the sunshine states of California and Florida seems less entrancing under grey French skies.

Britons keen to meet Mickey Mouse and friends have several options when organising their travel plans. Basically, the choice is whether to stay on the Euro Disney site, lodge at a non-Disney hotel close to the theme park, or stay in Paris and commute (which can take up to an hour by road, although should be faster when the new RER line to the theme park is opened next April).

Although it is just about possible to visit Euro Disney in a day by flying to Paris - Disney estimates

Travel Business

Almost time to sprinkle magic pixie dust

David Churchill looks at what Euro Disney has in store when it opens its gates next year

door-to-door flight time from London, Manchester and Dublin at four hours and 15 minutes - most visitors would find such a schedule too punishing, especially if there are queues at any of the rides.

By car the journey time is estimated at six hours and 15 minutes from London - nine hours from Manchester - and by rail the London to Euro Disney time is 9½ (12 hours from Manchester).

Which hotel option to take depends on cost. Disney's on-site properties will be convenient and part of the resort's appeal, but they will also be expensive. Rooms at the luxury Disneyland Hotel (based at the entrance to the theme park) will cost £123 a night during the low season and £217 during more popular times.

Prices at the Newport Bay Club and Sequoia Lodge hotels range

from £53 to £122, while those at the Hotels Chenevise (already popular with those Britons who have reserved rooms) and Santa Fe (probably the ugliest hotel in Disney's portfolio) are priced from £61 to £38 a night.

What makes such prices more acceptable is that Disney has imported the US system of paying for the room rather than number of occupants; thus all rooms can accommodate two adults and two children for the same price.

Although individuals can book additional benefits of priority to Disney's hotels and often such things as a "goodie-bag" for children - including a T-shirt and photo-album - which European ferries has on offer for the first three months of the park being opened.

But many Britons may be

unwilling to pay the cost of staying in a Disney hotel. Thomson Holidays, Britain's biggest operator to Paris says that its research shows the most Britons want to combine a Euro Disney holiday with a short stay in Paris to visit attractions such as the Eiffel Tower or the Louvre.

It is offering four-night packages to see both the Parisian sites and Euro Disney starting at £335 per person next spring in a three-star hotel.

Other operators, such as Page & Moy, have put together Euro Disney packages based on customers staying at a Novotel hotel outside the theme park site at nearby Marne-la-Vallee.

The clear message is if you are planning a trip to Euro Disney is that it will not be as cheap during the main holiday times as many may have thought. But problems with filling hotels and the theme park during the off-seasons (winter and autumn) should bring prices tumbling for families determined to join in the fun.

Information: Hotel reservations for Euro Disney: 010-33-1-4941-4910.

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